App. F. IX-4

1933.4

File No. 130-24

Previous References (Inc)

Serial Nos. 1-21.25

Later References

GENERAL AND REVENUE SECRETARIAT

Serial Nos. Twenty four

art B for Nov. 1933

SUBJECT.

Re. Arrangements for the Sale of Sandalwood oil in Europe & America.

M Rao 22/2/34

M.E. 140/Gn. 4 (1)

REPLY.

(To be written on this margin)

Office of the Dewan of Mysore.

NOTE.

Dated.... 26th. August, ...192[4]

NOTE ON THE FUTURE ARRANGEMENTS FOR THE SALE OF SANDAL WOOD OIL IN AMERICA AND FRANCE.

The plan of improving further the sale of sandal wood oil in America and France has been under consideration for some time past; but definite orders can not be issued till the return of Mr. Sitaramachar from abroad, and the receipt of his report on the investigations that he has made on the general conditions of the market and other matters. He has now submitted to me definite proposals for the improvement of the commercial arrangements in America as well as Paris, and I have had a conference with him as well as the Director of the Sandal Oil Factories on the two proposals submitted by him. The first relating to the distillation of oil in America to the extent of five hundred tons per annum for a period of three years, and the other for the opening of a Paris office towards which Government is to attribute a sum of £. 1,000 sterling. Both these proposals have been discussed in great detail, and now I have come to the conclusion that, with a view to effectively fight the competition in America through the Australian oil and the disadvantages due to imposts of a duty of 25%, it is necessary to make the experiment suggested,

2 suggested, but I would limit the period to two years and the maximum quantity to one thousand tons. We stand to lose little, but to gain much if the experiment proves successful in so much as the probabilities are, that the business will not fall below the level at which it stands at present, but may in fact rise considerably higher.

As regards the second proposal, I can not entertain it under the conditions of The Agency and I am prepared to give an enhanced commission of 4¼% on any excess business which the agents may secure in France, over and above the average level of sales during the past three years. in that Country

The connected papers are herewith attached, and ~~have~~ may with this note to be circulated to the Members of Council, for consideration at an early meeting.

47
17.8

To:-

The Revenue Secretary to Government, with compliments.

2) for favour of circulation
(Ch. Secy with Compts)
Ie 27.8

3) circulated
(1st Secretary and Members)
V 28

N.W.

Brief Note of discussions re:sandaloil business in America and Foreign Countries. 3

.....

On 25th August, the Dewan held an informal discussion with Messrs.Sitaramachar and Y.Narasinga Rao about the proposals for the development of the Sandaloil business as a result of investigations carried on in America and France . The proposals are for opening an office with a French Travelling Agent at Paris with sufficient stock of oil to meet the retail demand in France for which the Essenflours ask for £1000/- as subvention, and for the manufacture of sandaloil in America by a local firm of distillers Messrs.Bush & Co.at the rate of a dollar for every pound of sandaloil given to the Agents.

Mr.Sitharamachar said that the total demand for sandaloil in America was 100,000 lbs per annum. Our two competitors in this field are the West Australian "Sandal" oil,which is no 'sandal' at all and the East Indian sandal oil manufactured from sandalwood imported from India free of duty. The former cannot seriously compete with our oil as it requires a certain percentage of blending with the East Indian oil for satisfying the requirements of the market and is no "sandal oil" at all. The latter competed seriously with our oil as the wood was imported free of duty and the oil was burdened with a 25% duty. The price of our oil in America,on the basis of the London rates is now about 28 shillings per pound while the local oil could be sold for anything between 23 shillings and 28 shillings even assuming that the wood sold at Rs .1350 per ton in India. The result is that our average sale in America amounted to only 20,000 lbs. As America is such a large market for the oil,it is imperative to extend our business in that country more than in any other,and it should be possible to sell about 75,000 lbs there. To capture this business,it is necessary to throw the West Australian oil out of competition by proving that that oil is chemically different from sandaloil. It is necessary to depute a research chemist for this work. In the second place, the Agents propose to import wood from Mysore and distill oil through the Agency of Messrs.Bush & Co.under their supervision

at Rs .3-2-0 per lb. for sale in America. This would enable us to sell the oil at the worst at our London rate viz:22 shillings odd, which would give us our present profits while the same rate would leave no margin of profit for the local distillers. The result would be that the local oil would be slowly pushed out of the market. Messrs.Bush and Co.have agreed to distill oil from 500 to 700 tons of wood per annum for three years. If this arrangement was approved,he hoped to extend the business to at least 50,000 lbs.next year and much more in the succeeding years. It would be necessarily to establish a branch office for the Agents in America costing Rs. 9000/- per annum.

The Dewan raised the following points for consideration :-

(i) The policy of manufacturing our oil in foreign countries in order to evade duty has to be considered very carefully. Every country which has a market for the oil may raise a tariff wall with the result,that if this policy were consistently followed,all our wood will have to be distilled outside Mysore.

(2) It is doubtful if the results of chemical analysis would exclude the adulterated oil from competitors in the market as the consumer may not be very particular about the chemical composition of the oil as long as it answers his purpose for soapmaking and perfumery.

(3) An increased output of sandaloil in America at a cheaper price,may afford facilities to the blender to put a larger quantity of adulterated oil in the market to compete with our oil. This will raise serious complications in the trade.

(4) The appointment of a foreign agency to distill for us will raise difficulties of supervision,with the attendant evils of substitution,short production etc. A chemist who is responsible to the Mysore Government will have to be appointed there to keep the quality of the oil up to the standard guaranteed by us.

(5) The manufacture of oil in America will mean a proportionate

proportionate decrease of distillation in our factories without the curtailment of our manufacturing establishment here. This would increase our overhead charges.

(6) In view of all this it would be better to give the proposal a cautious trial as an experiment for a year or two by persuading Messrs.Bush & Co. to distill a particular consignment of sandalwood for us(say 500 tons) without committing ourselves to a contract as regards the period.

Mr.Sitharamchar said that as regards point No.(1),the policy need not be followed in other countries as their demand was inconsiderable,and we did not care for those markets. As regards the supervision,the Essenflour Products would undertake the full responsibility of supervision and of making good any shortage in production. There is no necessity to appoint a chemist in America as the purchasers wanted certificates from well known local chemists rather than a guarantee from Government. The Essenflours would undertake the cost of such certifications. As regards point No.(6),it would be difficult to persuade Messrs.Bush & Co.to take up the suggestion as they would hesitate to incur extra expenditure on stills etc. without the guarantee of a specific period in the contract. With their present equipment they would take 6 to 8 months to distill 500 tons of wood. This would be very slow work. As regards the cost of the branch agency in America,he said the Essenflours were prepared to undertake it in view of the extra commission they would make by the larger sales.As regards the Paris Office,he estimated the cost at more than £1600,but he wanted a subvention of only £1000. The retail purchasers in that country require small quantities of oil at short notice and it was not possible to meet this demand without keeping a stock there and also a french travelling agent. His estimate of this retail demand was 25,000 lbs per year. The Agents could not cover the expenses of the office by the small commission of 3½%. If however,Government allowed them to sell oil at retail rate and appropriate the difference (which may be about 1sh.6d.per lb) they would undertake to incur the cost of the office. The -

Dewan

Dewan said that this was a new principle of doing agency business viz: that of paying incidental expenses in addition to commission and it would create a very bad precedent. He would prefer to pay them a higher commission for all sales above a certain limit rather than complicate the terms of business. Mr. Sitharamachar said he was agreeable and would submit a proposal on these lines.

Copy of letter (confdl) No.682 dated 19th August 1924, from Mr.Y.Narasinga Rao,Director Sandaloil Factory, Bangalore, to the Dewan of Mysore.

.....

I forward for your information an extract of our Agents' letter dated London the 31st of July regarding the importation of Australian sandalwood oil into the United Kingdom,as also a circular issued by Messrs.Plaistowe & Co.,Ltd.,of London and Paris,sole agents to Messrs.Plaimar of Perth,distillers of sandalwood oil in Australia. From these it will be evident - that the West Australian distillers have succeeded in improving the Santaloil percentage of their oil. At the time of the establishment of our factories,the Australian oil was not quite so good in this respect and the demand for this oil was understood to be limited. Apparently by fractionation and redistillation,a better product has now been produced.

The Australian distillers are taking energetic steps to push their article rapidly in the market. Till now,the Australian oil was being largely made use of by some of the dealers in sandalwood oil to adulterate our superior product. This was realised by us and since the appointment of our new agents every endeavour is being made to approach the big consumers direct and supply them with our product in original packages. This may have perhaps checked the use of Australian oil to - some extent.

But the Australian oil now offered is of higher santal-oil percentage. There are reasons to think that on account of comparative cheapness,some users of sandalwood oil such as - soap makers,who are not very particular in respect of all the properties of the oil as per the British Pharmacopoeia,may take to it. Considering the vast tracts of sandalwood area in Australia,the danger from this product to us,if it once gets established in the market,is indeed very great. The demand for sandalwood oil in the world is comparatively speaking,of a restricted nature. Every new ground gained by the Australian oil is therefore so much market permanently lost to us.

Hitherto,the real competition we were faced with was confined

confined to distillers obtaining sandalwood from Madras and Coorg and it was therefore limited to the quantity of wood available to outside distillers from that source, which was not more than 500 to 600 tons per annum. But the manufacture of a superior oil by Australian distillers changes the aspect. A formidable competition should therefore be considered as having now entered the market and our business methods and tactics suitably revised and amplified to meet the altered situation and to protect our large interests. The settlement of the Reparations question is likely to restore the trade in Europe to normal conditions, which means Germany will also enter the market as a serious rival.

Our new Agents have done considerable work by one of their representatives recently visiting all the important markets and forming good personal relationships with the heads of firms largely purchasing our oil. The new agents are advertising our product in two trade journals in the United Kingdom, two journals in the United States and one in Russia. In both these respects, their work is a great improvement upon that of our former agents.

In view of the present danger, I am of opinion that more intensive work including aggressive advertisement should be done by us to protect our interests. Necessary steps should be taken immediately as preventive measures against the dangers to be anticipated. There is not much use in attempting to do anything after our ground is lost. The danger is real; our rivals are active; we should not feel at rest under the impression that everything necessary will be done by our agents. What is now required is more than can reasonably be expected from the agents and should properly be done by the principles. I therefore propose to take action in the following directions:-

1. Publication of a well got up and fully illustrated booklet giving a description of our works and distributing the same to all interested in sandalwood oil throughout the world;

2. Developing our sales organisation, so that our product might be within ready reach of all consumers, both big and small, in the several countries;

3. Securing favourable opinions of authorities on sandalwood oil and publishing them in important trade journals.

4. Securing the support of all influential papers circulating in all parts of the world.

5. Distributing trade circulars from time to time;

6. Making presents of sandalwood souvenirs to the chief consumers of our oil;

and any other measures found necessary from time to time for attaining the end in view.

All this necessarily implies some additional expenditure It may not exceed Rs .10,000 for this year which is less than one-half percent of our groos revenue, while businesses of much less magnitude than ours spend considerably more. I now request general sanction of Government to take necessary measures. Needful steps will only be taken after careful consultation with the agents in all aspects. It is the establishment of the sandalwood oil industry that has enabled Government to be in close touch with the oil market and to adopt suitable measures from time to time to protect its sandalwood oil revenue.

The Agents request permission to sell what is termed second grade oil at s.21 to soap makers. Our present average rate of standard oil is s.23 to large purchasers. Usually, the soap-makers are supplied at about s.2/-less as otherwise they are - likely to go in for cheaper Australian oil. I therefore propose authorising the agents to secure soap makers' orders at s.21 per pound.

Early orders are requested.

.....

Extract from the Proceedings of the.....707th.....Meeting of the Council of His Highness the Maharaja, held at Bangalore on the.....28th August 1924.....19

37. Subject.- Clause xii of the Schedule.

Proposals in connection with the sandalwood oil agency.

OPINION OF THE COUNCIL.

In case the Agents open an office in Paris to get the extra business referred to in Mr. Sitaramachar's report, a bonus up to a maximum of 2½ per cent on the sales in France over and above the sales for 1923-24 or on the average of the past three years, whichever is higher, may be paid to the agents.

As an experimental measure the proposal made in the Dewan's minute dated 26th August 1924 to deal with the situation in the American market may be approved for a period of two years.

Sd/ A. R. Banerji,
Dewan of Mysore.

"EXTRACT"

Chief Secretary to Government.

WD 1471—GPB—2,000—1-8-21

Submitted to His Highness.

8/ With the gracious approval of His Highness the sole agency for the sale of sandalwood oil was transferred from Messrs. Whiffin and Sons to the Essenflour Products Limited of Mysore from the 1st September 1923.

Mr. B. Sitaramachar who was deputed by the new agents to visit Europe and America for organising the business proceeded to London and took charge of the stock of oil from the previous agents on the 1st September 1923. He visited France, Holland, United States of America and Canada, the chief consumers of sandalwood oil and after his return to Mysore has submitted a comprehensive report on the investigations he has made and has suggested two definite proposals for the improvement of the commercial arrangements for pushing the sale of our oil in America and France. The report made by Mr. Sitaramachar is placed in the file and also my notes of discussion with him and the Director of Sandalwood Oil Factories which give a clear idea of the whole situation and the points involved.

The first proposal relates to the distillation of sandalwood oil in America to the extent of 500 tons per annum for three years and the other to the opening of an office at Paris to meet the retail demand in France, towards the cost of which Government is asked to contribute £.1,000/-.

The total demand for sandalwood oil in America is estimated to be 100,000 lbs., per annum of which a little less than 50% is supplied by the Mysore Factories, the remaining portion being met by local distillers and the dealers in

the West Australian oil. It is pointed out that during 1922-23 the States took 57,000 lbs., of Mysore oil and distilled 20,000 lbs., and that during the following year they got only 44,000 lbs., from Mysore and increased their production to 35,000 lbs. The admission of sandalwood into America duty free and the imposition of a duty of 25% on the sandalwood oil imported have encouraged the distillation of oil in America. Again the west Australian oil which is cheaper to produce than the sandalwood oil is making considerable headway in the States to the prejudice of Mysore oil. In order to compensate for the disadvantages imposed by the levy of the duty on the oil and to improve our position in competing with the West Australian oil, the agents propose to import wood from Mysore into America and distil oil through the agency of Messrs. Bush and Co., under their supervision at Rs.3-2-0 per lb., for sale in America. They state that this would enable them to sell the oil at the worst at the London rate of 22 shillings per lb., which while leaving no margin of profit to the local distillers, would give us our present profit. Messrs. Bush and Co., have agreed to distil oil from 500 to 700 tons of wood per annum for three years. The agents expect that by this arrangement they would extend the business in America to at least 50,000 lbs next year and more in succeeding years and state that they would themselves establish a branch office in America at a cost of Rs.9,000/- per annum.

As regards the second proposal viz., the establishment of an office at Paris, it is pointed out that out of the total demand of 85,000 lbs., a year in France about 30,000 lbs., are from small consumers, that by establishing an agency at Paris most of this trade could be secured and that they cannot bear the entire cost of the office out of their present commission of 3½%. They therefore

(27)

request that a subvention of £.1,000/- may be given by Government towards the cost of the Branch Office and promise an additional revenue of three lakhs from the additional quantity of 20,000 lbs expected to be sold to smaller consumers.

After an informal discussion on the 25th August 1924 with Mr. Sitaramachar and the Director of Sandalwood Oil Factories, I minuted as follows:-

"Both these proposals have been discussed in great detail and I have come to the conclusion that with a view to effectively fight competition in America through the Australian oil and the disadvantages due to the imposition of a duty of 25%, it is necessary to make the experiment suggested but I would limit the period to two years and the maximum quantity to 1,000 tons. We stand to lose little but to gain much if the experiment proves successful in so much as the probabilities are, that the business will not fall below the level at which it stands at present but may in fact rise considerably higher.

As regards the second proposal I cannot entertain it under the conditions of the agency, and I am prepared to give an enhanced commission of 4¼% on any excess business which the agents may secure in France, over and above the average level of sales during the past three years in that country".

The subject was discussed in Council on the 28th August 1924 when the following resolution was recorded:-

"In case the agents open an office in Paris to get the extra business referred to in Mr. Sitaramachar's report a bonus up to a maximum of 2½% on the sales in France over and above the sales for 1923-24 or the average of the past three years, whichever is higher may be paid to the agents.

As an experimental measure the proposal made in the Dewan's minute dated the 26th August 1924 to deal with the situation in the American market may be approved for a period of two years".

I beg to solicit the gracious approval of His --- Highness to the resolution of the Council.

Bangalore,
4th September 1924.

4 SEP 1924

S.N.

14 Confidential

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Arrangements for the sale of sandalwood oil in Europe and America.

178

9) *Order.*

~~KRW~~

5/9/24

10) Resolved as in

6 SEP 1924

6

General and Revenue Secretariat.

D 1265 15 C 74

Arrangements for the sale of Sandalwood oil in Europe and America

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of *

His Highness' orders $\frac{\text{before}}{\text{after}}$ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Govt.

Through the Secretary to Government.

.....Revenue.....Department.

11) ... per 9/9 SMR 8/9

FIRST MEMBER OF COUNCIL.

12) Seen with a copy order 8A 8/9/22

SECOND MEMBER OF COUNCIL.

13) SMR 9/9 per 15-9

Revenue

14) Done

THIRD MEMBER OF COUNCIL.

Note. As I was on leave on the 10th & 11th inst. this was submitted to Chief in order. 15) Returned per 17-9

NOTE—Contn. sheet.

Mono WD 1190—GPB—500 9-1- 3.

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent ~~record~~]

Respectfully invite the
I understood from the Chief
Secretary that during the
discussion of the subject in
Council it was considered un-
necessary & also undesirable
at this stage
to publish the terms that
have been prepared to give
to the agents as regards
the new Paris office. The draft
as approved contains the
terms that are prepared
to offer.

In view of the above it
is for orders if the
portion ~~enclosed~~ enclosed in
brackets in para
4 may not be omitted
& the following substituted

"As regards the second
proposal viz ~~of~~ opening an
office in Paris, ~~that as~~
~~I am~~ I first consider that it
suggestion is good. Separate
orders will be passed on
this question"

This order should be published in the Journal of the Department

The Secretary
Issue Y
S.S

Put to orders
(1)

The file to
Treasury as Copt
Issue
H.G.G.

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W D 1880—GPB—1,50 000—2 5-21

Subject
Phrase Mr Stewart's
order — the Secretary has the
matter
1919

(7)

G. R. S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The Communication of the orders
to the agents ing the Point for orders
strongly the Dir of Ind. of
This is not quite clear in
the draft or present. If
agreed, this will be made
clear.

As regards the terms Pair
for an willing to offer
for the Pairs offer, it is Point for orders
for orders of the agents
should be ~~to~~ Consulted

Keep.

Drawn)

N. B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

18

D 1265

G. R. S. III-2

General and Revenue Secretariat.

I & C. File No. 130 of 1924.

Serial No.	
	2092-4/19-9-24.
	To The Director, SOT.
	- Conservator of Forests.
	Comptroller to Govt.
3.	Sanctions the proposals of the Agent to import Sandalwood from Mysore to Ctmer for purposes of distillation, the total quantity being limited to 1,000 tons and the period to 2 years and also the proposal to open a branch office at Paris to meet the demand from small Consumers.

Sd/-

GEN. & REV. SECRETARIAT
20 SEP 1924
INDUSTRIES & COMMERCE
BRANCH.

NOTE—Contn. sheet.

G.R.S. III-2]

File No. of 19 General and Revenue Secretariat

Serial No.		

(19) 1826. (31)

G. R. S. III-2

General and Revenue Secretariat. | 97C File No. 130 of 1926

Serial No. 4

No. 1306 dated 2nd October 1926, from the Director, S. & F.

Forwards copy of letter dated 30th Sept 1926 from the Essential Products, Ltd agreeing to arrange for the distillation of Govt Sandalwood in New York on the terms proposed in the Govt order no. J.C. 2092-4/97 130-24-3 dated 19th Sept 1926 and requests early orders of Govt to despatch wood to New York on indents made by the Agents

(2) The main file on the subject has been put up for reference in connection with the agency agreement for the sale of Sandalwood oil. The connected papers are now before the Dewan. The proposal of the Director to despatch wood to New York on the indents made by the Agents is for orders.

(3) The Director promises a further report in the matter of opening an office at Paris

Submitted for orders

SM 3/10

(4) Dewan Sahib

Rev Secy (5) The main file has been sent. Please return the same

SM 3/10

NOTE—Contn. sheet.

File No. of 19

General and Revenue Secretariat

Serial No.		

NOTE—Contn. Sheet

1526 (20)

G. R. S. III-2]

General and Revenue Secretariat.

De File No. 130 of 1924

Serial No.

flag Q

20) Subd with the manifesto on the subject of distillation of Mysore Sandalwood in America and the opening of a Separate office in Paris. In the G. O. of 19th Sept '24 Sanctioning certain arrangements in this connection it was ordered that the agents should be asked to Relevé Consent of the arrangements at an early date. The Director has accordingly forwarded a copy of letter from the agents intimating that they are prepared to arrange for the distillation of wood in America on the terms mentioned by Govt. and requests early orders of Govt to despatch wood to New York on the lines made by the agents. This proposal of the Director is for orders. It seems also necessary that a formal agreement should be entered into with the agents embodying the terms of the above arrangement. The Director may be requested to Submit a draft of an agreement in consultation with the agents, for the approval of Govt.

Subd for orders.

21/SMD 9/10

21) 9/10/24

22) Rev Secy. It is necessary that the agents should be asked to

NOTE—Contn. sheet.

(21) 1876

G. R. S. III-21

General and Revenue Secretariat. | File No. | of 19

Serial No.

the agreement regarding the American distillation. They have been pointing out the execution of the masters agreement on some grounds or other and separate action is being taken in the matter. Hence agency the arrangement with the distillers in America will have to be reduced to writing - so that there may be no dispute on the question later. The agents will have to be asked to take suitable action. It is also necessary that the shipping of wood ~~10~~ should be deposited on the above account but the matter will have to be kept in view & expeditious action taken.

As regards the suggested revision of the terms of the Patent Office it is for orders.

Draft 23/ Lapse.
draft not received for from
Lisbon since
Ag 24/ 17.1.0
Draft letter
to Dir.

NOTE—Contn. sheet.

General and Revenue Secretariat. | De File No. 180 of 19 Re.

Serial No.

31) The Director reports that the agents have secured an order from messrs. Engers & Co. of New York for 36,000 pounds of oil to be delivered in three instalments of 12,000 each at $6.00 per pound and states that the first instalment of 12,000 pounds will be delivered from the factory stocks, as the American-distilled oil will not be available in large quantities before the end of January next. A Statement is put up showing the net income to Govt by the supply of oil to America from the factory stock here and by the sale of the American-distilled oil to messrs Engers & Co of New York at the rate of $6 agreed to by the Director, as compared with the net income derived by the sale of oil manufactured here in the London market. The rate of $6 per pound of American-distilled oil which gives a net income of Rs. 13-5-0 per pound is no doubt advantageous, as compared with the average rate of Rs. 16-7-11 realised for oil sold in London during the last half year, which has brought a net income of Rs. 12-12-6 per pound. But the arrangement agreed to by the Director of supplying the first instalment of 12,000 pounds of oil from the factory stocks here which brings a net income of Rs. 11-0-2 as according to rough calculations made in the Statement, is not at all beneficial to us in view of the heavy import duty of 5.5% levied on the oil sent from here. This arrangement is likely to cause a loss of Rs. 21250, judging from the net income derived on London sales.

flag 'A'

Per Cmr Cus, there is in Cmr's proposal on Cr 24 lakhs of Cr 2nd paragraph

Land Forces 32) The supply of 12000 lbs of 31/18pr oils from the factory - for the first instalment - is a welcome measure although not free from disadvantageous - Although this may

NOTE—Contn. Sheet

Serial No.

to be considered the advantages of securing an order for such a large quantity of the Assam distilled oil at a fair price. The first part of this is a good index of the financial results of the transaction.

At present the standing orders regarding the price at which oil is to be sold by the agents are not quite definite. As per the understanding between the Chairman and others having regard to the language of the order or the purpose for which the oil is intended to be used by the Consumer. It is very necessary that there should be very clear orders on the subject. Under the agreement, the Govt have to fix the rates. The present rate may be approved

(Sd)

Dear 23) Please bring this at 4/30 with Receipt to mean a telephone the file a further note about

NOTE—Contn. Sheet

7-1-SM 7/1 22-10

Serial No.

35) D.O. letter No.2580 dated the 8th January 1925 from the Director of Sandalwood Oil Factory, furnishing certain additional information in regard to the sale of 36,000 pounds of oil to Messrs.Ungerer and Co., of New York.

There are four points to be considered in this case.

i. Was it correct to have sold such a large quantity to one firm?

2. Is ₹.6 per lb. a fair price?

3. Is the guarantee against decline usual and sound.

4. What is the result of the shipment of oil distilled in the State?

As regards the first point there does not appear to be any objection, because Messrs.Ungerer and Co., are reported to be a big firm, which generally takes large quantities. It will be observed that last year they bought a lot of 10,000 pounds. The Director mentioned at his last interview with the Dewan, that during the last 2 years Messrs.Ungerer have been negotiating for the purchase of a large quantity of oil. As regards the price it is difficult to express an opinion in the ~~above~~ absence of a fuller statement of the case. It may, however, be pointed out that the price cannot be considered to be the best that might have been secured. Throughout the Director's report there is a note that Messrs.Ungerer have got considerable influence in America and that they will

NOTE—Contn. Sheet

use that influence to push on the sales of Mysore oil. In fact the Director observes "Messrs. Ungerer and Co., are very influential dealers in sandalwood oil in New York, whose good-will and active co-operation is of material importance to us". I have put up two statements, one showing the prices of sandalwood oil in the New York Market during the months of January to November 1924. It will be noticed that the prices ranged from 6.50 $. to 7.35 $. per pound. It has no doubt been usual to allow a slight reduction in regard to big purchases. The question then is whether ~~when~~ it was necessary to reduce the price to 6 $. Messrs. Ungerer and Co., bought 10,000 pounds of oil in May 1924. The price they then paid was 22 shillings per pound, delivery C.I.F. New York. The duty was paid by the firm. The price of sandalwood oil in the New York market in May varied from 6.90 to 7.50. A rebate of 6 d. per pound of oil was given to the firm ~~for~~ on the sale in view of certain losses sustained by the firm owing to certain calculation of customs duties. The net advantage to Government by that deal was S.21-6. The net advantage of the present deal is only S.20-2 owing to the fact that the duty has got to be paid by the factories. This means a clear fall of S.1-4 per pound. This amounts to £.750 on a 12000 lbs shipment from Australia. The present sale cannot therefore be considered to be advantageous, particularly when we consider what the present tendency of the Sandalwood oil market is. I have put up a statement of extracts about the sandalwood oil market taken from the American Perfumery and Essential Oil

Serial No.

Flag Q 1

vide Flag P,

vide Flag M,

NOTE—Contn. Sheet

Serial No.

Record published in London. In August a possible increase of prices was indicated in view of the fluctuations in exchange. In October it was notified that prices had been advanced. The condition of the marke in November indicated a further possible increase of price. The tendency of the market can therefore be safely described as one of increase. And it has to be observed that the bulk of the world's supply of oil has to come from Mysore. In these circumstances it does not appear at all unlikely that if we had stood out for a slightly higher prices we might have go it. The correspondence relating to the sale which wa shown to the Dewan by the Director shows that the rate was fixed from here by our Agents. Having regard to all the circumstances of the case the rate quoted was low. It may be pointed out that the rate should have been approved by Government and that the Agents have no authority to make reductions as they have in this case. No such sanction has been obtaine

3. The explanation offered about the guarantee against decline appears ~~to be~~ fair.

4. The result of the shipment of oil from India is a loss.

5. I consulted the Local and Legislative Secretary about the legal position of Government. In the present case, the Agents' first telegram to their Agents in America shows that they had no authority to quote without reference to Government. The approval of Government to the rate has not been obtained and as such whatever damages may be claimed by Ungerer consequent upon the Government's refusal to accept

NOTE—Contn. Sheet

the rate will have to be given by the Agents and not by Government. It may perhaps be considered why in view of the unauthorised action of the - Agents they should not be called upon to forfeit a part of their commission, say £75 on the basis indicated above. The tendency of prices to go up has been ~~justified in the light of~~ Prima facie recent - events as disclosed in the Director's letter. - There is one other point to be referred to. Such large forward contracts, in view of the condition of the exchange, ~~on~~ are prima-facie unsound. Conditions have considerably altered since the date of the acceptance of this particular order, and already the net advantage to Government has - decreased.

Serial No.

(42) 38.

G. R. S. III-2.

General and Revenue Secretariat. | File No. of 19

Serial No.

Dewan's minute

36) It is impossible for Government to ratify the agreement entered into by the agents ~~xxxxx~~ without obtaining previous approval. The report of the Director dated 10th December shows a most regrettable want of a sense of responsibility on the part of the Director who simply reports the transaction apparently having orally approved of the same without making a previous reference to Government. This large transaction covering as it does several lakhs of rupees should have been reported in greater detail with fuller explanations and the offer of the firm should have been kept open and not accepted until Government Orders were received. As matters stand at present, it is not possible for Government to accept the transaction as an accomplished fact for more than one reason, firstly, the Agents exceeded their authority and as such, they must be called to order. Secondly, the transaction involves a mixed deal of ~~one~~ (1) sale of oil distilled in our factory which was never intended to be consigned to America ~~two~~ (2) sale of oil distilled in America out of the wood consigned to that country. The deal therefore involves, on the face of it, a contradictory policy. Thirdly, the price is not advantageous, nor is there any justification for a guarantee of any rebate. Government therefore direct that the

NOTE—Contn. sheet.

Serial No.

the oil should not be delivered to the firm pending further negotiations as to the rates and terms and they should be cabled to to say that the acceptance was communicated without any reference to the Government and that the Government would like to enter into fresh negotiations as to terms before the contract is completed.

In case, however, the Agents to save their reputation and in their own interests, deem it necessary to ratify the contract, the Government must call upom them to make good the loss which will be incurred on the shipment of 12,000 lbs. of oil from Bangalore In other words, they should forego the commission on the transaction relating to the Bangalore consignment.

12 JAN 1925

Vol. 7

To The Director of S.O.7.

No. I.C.4639 D/12.1.25

With refce to Sls 6 & 6a directs that such a large transaction covering Lakhs of Rs should have been done with the previous sanction of Govt and that the transaction should be kept by till the Govt orders issue in the matter and that in case the first consignment of 12000 tns are in the interest of the Kents shipped to America they must compensate the loss incurred by Govt by means of foregoing their commission

Serial No.

Letter No.2617 dated 14th January 1925 from the Director, Sandal Oil Factories regarding the sale of 36000 pounds of sandalwood oil to Messrs. Ungerer and Co., of New York.

(46) The Director says that the rate of $ 6.00 per pound was quoted by the Agents under his instructions and the Agents cannot therefore be considered to have exceeded their authority in this matter. The rate quoted having been accepted by the Firm and the first instalment of oil having also been delivered to the Agents, he says the transaction is a complete one and is not now revocable.

If the main objection is for having mixed up both factory distilled oil and New York distilled oil in the present transaction, the Director suggests that the objection may be overcome by delivering the whole of the contracted quantity of 36000 pounds from the New York distilled oil, as distillation of oil from our wood might have by this time commenced there. If this course is approved he suggests that the Agents may be requested to ask Messrs. Ungerer and Co., to take the first lot of 12,000 pounds of oil in smaller lots as the New York distilled oil becomes available.

The question now remains as to how the 12000 pounds of oil shipped to New York in December last should be disposed of. The Director suggests two alternatives viz. the consignment may either be diverted to London on arrival at New York or taken into New York paying duty thereon and sold at $ 6.2[illegible] for 5000 pound lots or at $ 6.50 for smaller lots.

NOTE—Contn. Sheet

p.t.o.

-2-

Serial No.

In the former case this year's business with America will be restricted to only 36000 pounds against the minimum business of 5000 pounds which that country is expected to give us. This course has, on the other hand, the advantage of securing a higher rate in the London market for the 12000 pounds of oil shipped against the net rate of S.20/6 which we expected to get in the American market.

about 235

5/1/25

Dear

4) The 12,000 lbs. of Bangalore oil already consigned should be diverted by cable to London, and the firm should be asked to take a similar quantity from the distilled oil in America. Urgent action should be taken accordingly.

6 JAN 1925

42) Send with a copy reg.

9/1/16

16-1

No. D.C.4704 dated 16th Jan'25, to the Director, S.O.I.

States that the 12,000 bicwts of oil shipped to New York should be diverted by cable to London and that the firm of Messrs Lengner should, in its place, be asked to take an equal quantity from the oil distilled in America.

NOTE—Contn. Sheet

eral and Revenue Secretariat. | 27 File No. 130 of 1924

Serial No.

No. 2766 dated 21st January 1925, from the Director, S.O.T.

States that a report has been received from the agents that they have sent cable instructions to America to deliver American distilled oil to Messrs Engen Co. and to divert the shipment of 12,000/- pounds of oil per S.S. Algic, to London soon after its arrival at that port.

No. 2776 dated 22nd January 1925, from the Director, S.O.T.

States that Mr B. Sitaramachar has telegraphed to say that a cable was received from his New York office in reply to his instruction that, as the goods had been sold in advance, the shipment could not be diverted to London and that, default in Contract was not possible and requests sanction of Govt to deliver this shipment of 12,000/- pounds to Messrs Engen Co.

43) The proposal of the Director to deliver the 12,000/- pounds of the factory distilled oil shipped to New York, to Messrs. Engen Co, as per Contract, is for orders.

44) Submitted with the previous references.

22/1/25

Rev Sec'y)

22/1/25.

No 2778 dated 22nd January 1925, from the Director, S.O.T.

Forwards a copy of the telegram received from Mr B. Sitaramachar stating that a portion of the shipment, if possible, will be diverted to London.

45) The Director is of opinion that the diversion of a portion of the shipment would in no way be advantageous

NOTE—Contn. Sheet

and therefore requests orders to deliver the entire quantity to Messrs Lengerke. as proposed in his letter no 2776 of this date.

Submit proposed.

Serial No.

S-A 22/1/46) The Director was on the point of leaving when a portion of the oil was discovered to be lead on an ant- station. The first letter of the Dir made out that the whole was hopeless and that the only alternative was to ratify the entire sale. There is no reason why we should not try and cut our losses by diverting as much of the Consignment as we can.

A
22/1

D Chas

47) Await result of Cox's action

C Jhaveri
23 JAN 1925

(w 48) Thank you w c Dr. 19/1

NB 3/1 NB 24/1

NOTE—Contn

General and Revenue Secretariat. | 92 File No. 130 of 19 24

Serial No.

49) Sub with a draft

81 23/1/50) For Appl. ~~Comm~~ WP 23/1

Rev Sec'y

51) It appears desirable to inform the Govt. of India, inter alia, particularly as he seems to be in favour of letting the oil pass into Germany & have sent a draft letter, for approval

JR 23.1

Draft

52) Draft

53) 5/82 1925

RB

WP 24/1

No. F.C. 50 dated 27th January 1925, from the Director, S.O.S. ~~London~~ requesting ~~that~~ ~~arrangements~~ ~~may be made~~ for the despatch of 12,000/- pounds of oil ~~shipped to America~~, Coco ~~Nucifera~~ indicated in the Secretary's letter may be awaited, ~~and~~ that ~~it~~ ~~does~~ desire that all ~~attempts~~ should be made to direct as much of the oil as possible to ~~America~~ London, and that a further report may be submitted in the matter as early as possible.

Sec 'A'

81

GEN. & R.V. SECRETARIAT
14 FEB 1925
INDUSTRIES & COMMERCE BRANCH.

NOTE—Contn. Sheet

Serial No.

D.O. no 3218 dated 17th Feb 1925, from the Director, S. & I.

Forwarded a memorandum which may form the basis for the formal agreement with the Essential Products of Mysore in regard to the distillation of Sandalwood in America and States that if the main terms proposed to be included in the agreement are approved, the formal agreement will be drawn up and the same, after it is accepted by the agents, will be submitted by G.O.T. for final approval.

54) The G.O. of 19th Oct 1925, sanctioning the distillation of Sandalwood in America is flagged 'W'. The memorandum does not give particulars of payments to be made to the distillers which is stated to be Rs. 3-2-0 per lb. in G.O. as also the other charges contemplated in clause 8 of the memo. It seems desirable to obtain a copy of the memorandum of agreement between the agents and the firm of distillers referred to in the letter of the Director. The Ld. Secretary may be consulted as to whether the memorandum is all right and whether any new terms have to be included in it. 1/A

Submitted for orders.

21/2/25 — Per Sec — 17/2

Call for the

NOTE—Contn..Sheet

General and Revenue Secretariat. | 27c File No. 130 (5) 59 of 1924.

Serial No. 81 18/2

56) Send with a draft for approval

Rev Secy 18/2

(copy) R 19-2 from WDP 19/2

5714/19-2-25

16. Confidential D.O. To The Director, S.O.F. Calls for a copy of the memorandum of agreement between the Agents and Messrs Bostik & Co., of New York.

See 'A' 81 20/2

51) The contl D.O. from the Dir S.O.F. 20/23.2.25 forwards copy of a letter by the manufacturers, Messrs Bostik & Co to the representative of our Agents, in subs for favour of perusal - (in a Sealed cover). Flag W. in the G.O. dated 19th Sept 1924 on the subject. Kind attention is invited to Para 4 of that G.O. wherein the period has been limited to two years (on an experimental measure) & the maximum quantity of wood to be distilled is fixed at 1000 tons - In Para 2. the distilling charges were proposed to be based on the actual quantity of yield of oil. It is also useful to know if the discharges would enable be burnt as fuel and thus reduce the distilling charge to some little extent....

The main terms of the proposed Agreement as indicated in the copy of the letter, seem to be at variance with the G.O. in certain respects -

Rev Secy

NOTE—Continued Sheet

WDP 28/2

Serial No.

59) Please Calculate how the distillation charges now fixed Compare with those fixed originally - Why are Compared in terms of wood now - as against oil originally -
The terms are changed - to expect as regards the renewal of the Contract - the agreement of the agents with the distillers makes it out that the arrangement is automatically renewable - This is against the Govt. This rule Law to be pointed out - by the Dr -

Govt

59) The distillation charges originally agreed to are at the rate of one dollar per pound of oil or roughly Rs. 3-2-0 per ℔ in terms of Indian money. In the proposed memorandum of agreement between the agents and the distillers in America, the rate is calculated in terms of wood, viz at the rate of 105 dollars per ton of 2000 pounds. Calculating the yield of oil at the average of the minimum rates of yield from the two classes of wood noted in the memorandum, it is seen that the yield from a ton of 2000 pounds of wood would be about 109 pounds. The distillation fee for this quantity is 105 dollars according to the memorandum. This works out at less than

NOTE—Contn. Sheet

Ral and Revenue Secretariat.

File No. 130 Vol 19 24

Serial No.

one dollar per pound of oil against the originally proposed rate of one dollar per pound. The arrangement now proposed in this respect is therefore in no way less advantageous than the one originally proposed. It may turn out quite favourable to Govt if only superior classes of wood are supplied.

As regards the renewal of the contract at the end of the second year, which is at variance with the G.O. of 19th Sept 1924, a draft letter to the Director, S.O.F. pointing out the flaw is put up as directed.

flag 'W'

51/24/2 D.O. No. P. 77 dt 25. 2. 25 to the Director of S.O.F. requesting him to meet the Rev. Secy. before 3 p.m. tomorrow (26.2.25) to discuss the New Agreement with the Agents.

Remdr no. 6329 dt 18.3.'25 to the Director, S.O.F. re decision of 82,000 lbs to London.

20/173

Rem 25/2

60) I beg to invite kind reference to the Director's letter dated 17th February 1925 forwarding a memorandum which may form the basis of formal agreement between the Agents and Government as regards the American Distillation. Kind reference is also invited to the letter addressed by the distillers Messrs. Bush and Co., of New York to the representatives of the Agents in New York embodying the main terms of the proposed agreement between them and the Agents. The Government order of 19th September 1924 sanctioning the distillation of sandal wood oil in America is flagged "W". I have discussed the question with the Director. The memorandum drawn up by the Director is generally suitable and he will, if approved, be requested to have a formal agreement drafted in consultation with the Agents and submit to Government for approval.

(g)

'K'

NOTE—Contn. Sheet

Serial No.

61) There is a mistake in the understanding between the Distillers and the Agents. It is stated therein that the agreement should be renewed automatically at the end of the second year and thereafter annually. This is not in conformity with the Government Order which sanctions the American Distillation on a temporary basis for 2 years. This will be pointed out to the Director so that the necessary correction may be made.

62) A draft letter to the Director is put up for consideration.

Draft 63) Draft approved 8/4 9/4

To Y. Narasinga Rao. Esq. 18
Director of S. O. Factories
I.C. 6872 29.4.25.

With reference to Sl. 15 stating that the terms are suitable that a draft agreement may be prepared and submitted to Govt. for approval and that with regard to the proposed agreement it is to be distributed of sundries and the Bunniers the terms are alright except as regards the renewal of the Contract and request that they may be intimated to the Agent and that a copy of the final agreement between the Agents and the distillers may be sent for information.

Sus 'A' 31/1874

GEN. SECRETARIAT
14 APR 1925
INDUSTRIE & COMMERCE BRANCH

NOTE—Contn. Sheet

O.O. No. P. 77 A) 25/2/25

Dear Mr. R.

Will you kindly send
me at the
any time copies
of the same?
I will be thankful
to you if you
can send copies
as soon as
possible.

Yours
[illegible]
25/2

PC

APP. F. III—2]

(55 — 4325 44

General and Revenue Secretariat. PN File No. 130 of 19 24

Serial No.	
64)	The draft of an agreement regarding the distillation of Sandalwood in America, called for has not yet been received from the Deputy S. O. 7.
65)	A draft of a D.O. reminder to the Deputy is put up for approval. 27/5
	66) Rec'd 27/5
	67) Approved 28/5
	68) Issued 29/5
	D.O. No. J.C. 8123 dated 29th May 1925 to the Deputy, S.O.7. Calls for the draft agreement re distillation of Sandalwood oil in America.
	Reminder No. J.C. 35 dated 2.7.'25
	69) As no reply has yet been received from the Deputy a draft of a D.O. reminder to Lieuts is put up for approval. 14/7
	70) Issued 14/7
	No. 209 dated 20th July 1925, from the Deputy, S.O.7.
	In regard to the agreement for the distillation of Sandalwood in America, forwards a Statement showing side by side the terms as approved by Govt and those as revised by the Agents and recommends that the memorandum as revised by the Agents may be sanctioned.
	71) The alterations suggested by the Agents are in respect of terms 6, 8 and 11 of the memorandum approved by

NOTE—Contn. Sheet

File No. 130 of 1924 | General and Revenue Secretariat.

Serial No.

Govt. As regards clause 6, the Agents suggest that the charges on censoring wood against fire, &c. should be borne by Govt. In clause 8 it is proposed to specify as far as possible the charges that will be incurred by the Agents in America. As regards the period of the agreement which is stated to expire on the 30th June 1926, (vide clause 11.), the Agents suggest that the period should continue till the end of Dec[r] 1926, as the distillation in America actually commenced in January 1925. The alterations suggested are for orders. The Director also suggests that the formal agreement may be drafted in the Law Dept.

Subject for orders with the previous reference.

Sd/ 29/7

Sub[t] a formal draft as now suggested may perhaps be accepted in the circumstances mentioned by the Dir[r].

Rec'd 29/7 WB 23/7

The changes suggested may be accepted. They follow the previous arrangement under which Agents pay duty for the issue and the receipt of the certificates and the Agents will be required to execute the L. L. suitably supported by a formal agreement.

Sd 24/7 Sd 24/7 WB 24/7

General and Revenue Secretariat.

File No. 130 of 1925

Serial No. 29

The Memorandum as revised by the Agents which is appended to the Director's letter No. 209 dated 17th/20th July 1925 has been approved by Govt. This file may now be sent to the L.L. Secty for drafting the agreement.

24/7 Rw fr

L.L. Secy with Compts

24/7 24.7.1925

25.7.

Drafting of agreements falls under the duties of the Govt Advocate, under rule 25 of the Rules for the Conduct of legal affairs of Govt. The file may perhaps be transferred to the Govt Advocate for necessary action.

L.L. Secy

(A.) This may be done.

Rec'd with Compts

Rec'd 27.7.

Shd with a draft letter to the Govt Advocate.

28/7 Rev fr

Dft & appd

28/7

Issue

29.7.25.

INDUSTRIES & COMMERCE

NOTE—Contn. Sheet

47

G.R.S. III-2)

WD 2119—GPB—10.000—27-4-25

Jtc File No. 130 of 1924

General and Revenue Secretariat.

Serial No. 20.

To

The Govt Advocate, Bangalore,

J.C. 683 of 3.8.25.

Sir,

I am directed to forward a copy of Memorandum giving the terms of the agreement between the Agents and the Govt and to request him to forward a draft of a final agreement based on the memorandum.

Sir,
Your obedient servant,
Secretary to Government.

6/8

NOTE—Contn. Sheet

1327 of 25

1480

48

General and Revenue Secretariat.

Pol File No. 180 of 1926

Serial No.

EWAN'S OFFICE.
RECD. 27. SEP. 1925
Reg. No. 2656

No. 189 dated 12th Sept 1925, from the Govt Advocate

Forwards a draft agreement proposed to be executed by the Essentuki products, Ltd. in regard to the distillation of Sandalwood in New York.

The agreement is based on the Govt order of 19th Sept 1924 and the memorandum of agreement as revised by the Agents and approved by the Govt. Kind reference is invited to the pencil remarks against clauses 5 & and 6 of the Govt Advocate's draft. Clause 19 of the agreement below refers to the agreement for the Sale of Sandalwood in Land &c. The same is also sent up for reference.

The L.L Secretary may also be consulted as to the suitability of the draft.

Submitted for orders

Rev 5/7

16/9

U.D. 16/9/25

L.L. Secy) with compliments

16/9

The draft may perhaps be approved

Revised with compts

U.D. 18/9

22/9

Can 26/9

The draft agreement which is sketched in is drawn by the Law Agent - may be approved.

Re. Clause 16. Distillation charges, kind reference is invited to para 5 of the note. It is desirable that

flag 'W' in D

flag 'L' in Pol/192-22.

(executed on the 10th June 1925)

NOTE—Contn. Sheet

Serial No.

General and Revenue Secretariat

I&C File No. 130 of 1924.

1488

DEWAN'S OFFICE,
Rec'd 5. OCT. 1925
Reg. No. 25796

Serial No

The Secy are requested to return and to state whether the claim is time barred according to rules.

Dewan) 27.9.25

The matter may be submitted to Govt for orders in consultation with Dir. of Industries & Commerce.

Govt

Dir. of Ind. & Com.

Subject with a draft forwarding a copy of the draft agreement approved by Govt, to the Dir. of I. & C. (I am sorry I have not been able to understand the orders of the Dewan in the margin)

Rev Secy 10/10.

I have discussed the point with the Dir. of I. & C. who is present. The draft may now be sent.

10.10.25

24 To The Director of I. & C. factories.
I.C. 2518 dt 14.10.25

Refer to D. 19. Forward the draft agreement approved by Govt and request that necessary further action may be taken in the matter and the result of action taken intimated to Govt.

SECRETARIAT
GEN. & REVENUE
17 OCT 1925
INDUSTRIES & COMMERCE
BRANCH.

Note—Contn. Sheet

WD 0569—GPB—40,000—31-7-25

File No. of 192

General and Revenue Secretariat

Serial No.

NOTE—Contn. Sheet

50

[App. F. III—2

General and Revenue Secretariat

DR File No. 130 of 1924

Serial No.

No. 2100 dated 21st Nov 1925, from the Director, S.O.T.

States that the agreement with the Agents in regard to the distillation of Sandalwood in New York was duly executed on the 26th Oct. 1925.

Submitted for perusal.

25/4/26 (Rec'd) MP 25/11/25

Dewan h 25/9

MP 26/11

MP 28/11

Regd. 26. NOV. 1925
Reg. No. 3970.

GEN. & REV. SECRETARIAT
28 NOV 1925
INDUSTRIES & COMMERCE BRANCH.

Note—Contn. Sheet

WD 0569—GPB—40,000—31-7-25

App. F. III—2]

File No. of 192

General and Revenue Secretariat

Serial No.	

NOTE—Contn. Sheet

Sale of Oil in London.

Average rate realised per pound of oil sold in London.		Rs.16- 7-11
Less		
(a) Manufacturing charges	Rs.2-9-0	
(b) Shipping and Insurance charges.	Rs.0-9-8	
(c) Agent's commission.	0-8-9	
	-------	3-11- 5
Net income to Government per pound of oil.		Rs.12-12- 6

Sale in America of oil manufactured in Mysore.

The rate per pound agreed to by the Director $ 6 or 27/		Rs.18-7-4
Less		
(a) Manufacturing charges	2-9-0	
(b) Shipping and Insurance charges	0-6-6	
(c) Agent's commission	0-10-4	
(d) Import duty S.5/9 or Rs.3-13-4		
	-------	Rs.7-7-2
Net income to Government.		Rs.11-0-2

Sale of oil distilled in America.

The rate per pound agreed to by the Director $6 of		Rs.18-7-4
Less		
(a) Manufacturing charges	3-2-0	
(b) Freight and other charges on wood	1-4-0	
(c) Agent's commission	0-10-4	
(d) Packing charges	0-2-0	
	------	5-2-4
Net income to Government.		Rs.13-5-0

(Statement based on the Revenue account of the Ironworks for the half year ended 30th June 1924 and the Director's letter dated 17th Dec 1924.)

1-12-4 × 12000 / 4 = 144000 / 16 | 144000 / 9250

12000 / 9250

0-8-6

36000 × 18 / 648000

1-1-0 × 12000 / 12000 / 9000

12000 / 750

S. on 24 on the is an and Commn of 8/6 per

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Net advantage to Govt if the rate of S.24 proposed by the Deputy is accepted

Rate proposed by the Deputy S. 24 or at exchange rate 1·5 $\frac{13}{16}$ Rs. 16-2-8

Deduct.

	Rs.
(a) Manufacturing charges per lb	2-9-0
(b) Depreciation	0-10-0
(c) Shipping and Insurance	0-9-8
(d) Agents Comn.	0-8-9
	4-5-5

11-5-5

Net amount realised per lb. Rs. 11-13-3.
or 17.06 Shillings

Cost realised per lbs of wood sold in the form of oil

Average yield per lbs of wood taking into account wastage lbs 105

The Net cost Value realised for 105 lbs at Rs. 11-13-2 per lb

Rs
11-13-2 × 105
1241-15-3
or Rs 1242 in round figures

31/21 Average price per lb last year
Report 1224 Rs per lbs

WD 2230—GPB—1,00,000—23-7-20

Telegrams:
"ESSENFLOUR," MYSORE.

(1)

Codes:
"A.B.C. 5TH EDITION."
"BENTLEY'S."

ESSENFLOUR PRODUCTS LTD.,

DISTILLERS OF ESSENTIAL OILS,
MANUFACTURERS OF AROMATIC CHEMICALS AND
PERFUMERY PRODUCTS.

SOLE CONSIGNEES AND DISTRIBUTORS OF THE MYSORE GOVERNMENT SANDAL WOOD OIL.

REFERENCE

GEN. & REV. SECRETARIAT
D. 1265
8 - SEP 1924
INDUSTRIES & COMMERCE
BRANCH.

MYSORE (South India),
Bangalore P.O. Box 101.

22nd August 1924.

Ind 130-24-1

Rajamantra Dhurina,

A.R. Banerji, Esq., C.S.I., C.I.E., I.C.S.,

Dewan of Mysore,

Bangalore.

Dear Sir

I beg to submit herewith my report briefly surveying the present position of the Sandalwood Oil business in Europe and America as observed by me during my recent tour. The difficulties that lie in the way of expanding the Mysore Government oil business and the remedies which, if adopted, would overcome them, are explained in detail. I now request Government will pass early orders sanctioning my proposals.

I beg to remain,

Dear Sir,

Yours faithfully,

For THE ESSENFLOUR PRODUCTS, LTD.

B. Sivaramachar

MANAGING DIRECTOR.

REPORT ON SANDALWOOD OIL BUSINESS.

On the Essenflour Products, Ltd., being appointed as their agents by Government, I was deputed by my company to visit Europe and America for organising the business. I beg to submit the following brief account of the work done by me in the several countries I visited. I left Mysore on the 25th of July, took boat on the 28th of July in Bombay and arrived in London on the 13th of August 1923.

I took charge of the stocks of oil from Messrs. Whiffen & Sons on the 1st of September 1923 and, after a stay of nearly a month and a half in the United Kingdom, I left for France. As most of the business in sandalwood oil in this country is done in Paris, I stayed there for nearly three weeks and thence I went to Grasse, the biggest perfumery centre, where I stayed for about ten days. I returned to England on the 1st of November 1923 and, having stayed in London for about a fortnight, I sailed for New York on the 13th of November. After staying there for a month, I went to Canada and visited the chief places where sandalwood oil business is done. A again visited New York and other important centres on my way back to England, which I reached on the 13th of February 1924 after nearly a three months' tour in the United States and Canada.

During the month of March, I visited Holland, where sandalwood from the Dutch East Indies is distilled by the firm of Oranje. Returning to London and staying there for about a month I again proceeded to France in the month of April. After interviewing our customers and other prospective consumers and dealers I returned to England at the end of April and, having remained there till the 14th of July, I sailed from Marseilles on the 18th of July and returned to Mysore on the 5th of August.

It was not possible for me to visit Germany and Russia, the

other

other two important countries, where the scope for the betterment of our business in sandalwood oil is great. I am, however, very glad to report that our Mr. Mavlankar is now touring in Germany.

In regard to Russia, very good business relationship has been formed by me with the chemical department of Arcos, Ltd., London, who are the representatives of the Soviet Government in England. This has already reflected in our having sold 10,000 pounds of oil to Russia during the year, which is much larger than the business in any previous year.

In all the countries through which I travelled, I interviewed the chief dealers and consumers of sandalwood oil, both big and small. I also got into close touch with important trade journalists in those countries with a view to obtain their co-operation in the effective display of our advertisements relating to sandalwood oil and securing valuable information from them regarding trade. Friendly relations were formed with the chief technical men and chemists conversant with the several varieties of sandalwood oil marketted in the world. My aim in meeting and talking to these people was to obtain information regarding the properties of our oil with a view to get their recognition of the superiority of the Mysore Government product. My attempts in all these directions have been fairly successful.

Apart from effecting sales of our sandalwood oil in the several countries, I spent considerable time in ascertaining as accurately as one could, the nature and extent of the existing demand for sandalwood oil in each of these countries and in ascertaining how this demand was met and the channels and sources of supplies. The information collected and verified by me is now placed before you. This information is of great importance for formulating our future course of action to secure a greater share of the world's sandalwood oil business to the State. I therefore

deal

deal with the several countries separately.

England: In this country, the demand for sandalwood oil, inclusive of what is re-exported both to the Continent and to America, averages about 45,000 pounds per year. This is largely used here by soap and perfumery manufacturers and very little by the pharmaceuticals. The chief consumers are, Lever Brothers, Pears, John Knight, Ltd., Grossmiths and others. Amongst the dealers, the most important is Mr. H. Rubeck who sells the Mysore Government oil under his own brand to the retailers in the United Kingdom and also exports it to France and America. The actual consumption of sandalwood oil in this country, I estimate, is not more than 25,000 pounds a year. The demand in England is partly met by the local distillers of sandalwood, chief among whom are Messrs. Stafford Allen and Bush & Co., who receive their supplies of sandalwood from exporters in India of the Madras and Coorg wood. Messrs. Whiffen & Sons, the former agents of the Mysore Government, are still handling this oil, getting their supplies from Kuppam.

France: This is one of the most important consuming countries of sandalwood oil both for pharmaceutical and for perfumery purposes. Among the consumers, the following four are the biggest:

1. The firm of Astier;
2. Messrs. Roger & Gallet;
3. The firm of Dr. Croissant; and
4. Establishment de Chatalene.

These four together consume about 60,000 pounds of sandalwood oil at a minimum, Astier taking about 18,000 pounds and Messrs. Roger & Gallet about 16,000 pounds on an average. There are besides a very large number of medium and small consumers numbering in all about 30 such as the firm of Leprince, who manufacture pharmaceutical preparations, the firm of Monal & Co., Perfumers,

rs.

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Messrs. H.& G.Klotz and others. During the course of conversation with the heads of these firms, I gathered that their requirements amount to 25,000 to 30,000 pounds per annum, each taking in instalments of 50 to 100 kilos at a time. The total demand for sandalwood oil in this country would thus be in the neighbourhood of 85,000 pounds a year. This demand is met partly from the Mysore Government stocks directly, partly from dealers and also from Dutch distillers.

Most of these dealers obtain their supplies from several sources and market a blended product under their special brands. My investigations go to show that they largely patronise the West Australian oil.

The rest of the Continent, including Russia: The firm of Oranje in Holland distil sandalwood obtained from the Dutch East Indies; they handle about 250 tons a year. They do not buy any oil either from us or from other sources. In competition with them, we have been selling on a moderate scale to two important firms in Holland, namely, Messrs. Polak & Schwartz and Chemische Fabric Naarden.

Germany does not take any oil from us worth mentioning and as I have not investigated the nature of the demand in that country, I am not in a position to accurately estimate it.

In regard to Russia, where the demand for sandalwood oil in pre-war days was great, we have been able to sell about 10,000 pounds and, from the information I have been able to gather from Messrs. Arcos, I estimate that their requirements in the coming years will be greater.

Spain, Portugal, Italy and Switzerland take very little oil and may practically be neglected in our present estimate of the demand.

The total consumption of sandalwood oil on the Continent excluding France, could be estimated at about 25,000 pounds. Holland has taken 4,000 pounds of oil from us and Russia about 10,000 pounds, so that the balance of 11,000 pounds is a very safe minimum for Germany and the rest of the Continent.

United States of America: This country consumes sandalwood oil on a scale equal to that of France, if not more. The oil is used for pharmaceuticals, perfumery and soaps; but the major portion is for perfumery. Among the pharmaceutical manufacturers, Parke Davis & Co., are one of the biggest firms and the firm of Astier of France have a branch here, where they manufacture 'Aierol' pills. Amongst soap makers, Messrs. Colgates are the biggest, who take about 10,000 pounds of sandalwood oil per annum on an average. Messrs. Ungerer & Co., are perfumers of great repute and buy sandalwood oil, both for their own purposes and for resale, to the extent of 20,000 pounds per annum. Amongst dealers, Messrs. Fritzche Brothers, Antoine Chiris and Moranna are the most important.

Among distillers, Messrs. Geo. Leuders, Messrs. Dodge & Olcott and Messrs. Bush & Co., are the prominent ones. During the year 1922-23, the States took 57,000 pounds of Mysore Government oil and distilled about 20,000 pounds. During last year, i.e., 1923-24, we sold 44,000 pounds and the American distillers produced about 35,000 pounds. Taking also into account the West Australian oil which is imported into the States chiefly for soap manufacture, the consumption of sandalwood oil in that country could safely be estimated at about 100,000 pounds. Since the advent of the West Australian oil as now placed in the market containing about 94% of Santalol, it is making considerable headway to the prejudice of the Mysore Government oil. The Australian distillers are making frantic efforts to get a

strong

strong foothold in this country of large consumption.

Canada: Though this is a growing country, the demand for sandalwood oil has been very small. Its needs are met partly from West Australia and to a certain extent from imports from the United States either in the shape of manufactured pharmaceutical products or in the form of blended perfumes. I have, therefore, not taken into calculation the demand for sandalwood oil from this source.

The total world's consumption of sandalwood oil would, therefore, be as follows:

United Kingdom ...	25,000	pounds.
France ...	85,000	Do.
Rest of the Continent, including Russia	25,000	Do.
United States of America	100,000	Do.
Japan and the rest of the world, excluding India	25,000	Do.
Total	260,000	pounds.

I should like to add that this is a conservative estimate of the world's consumption of sandalwood oil including the West Australian.

While such are the world's needs, the extent to which the Mysore Government oil satisfies this demand is seen from the following statement:

Country.	1919-20 pounds.	1921--22 pounds.	1922--23 pounds.	1923--24 pounds.
America	40,460	38,404	57,667	44,309
England	55,653	28,495	38,020	34,552
France	47,116	21,258	35,869	47,764

Germany

Country.	1919--20 pounds	1921--22 pounds	1922--23 pounds	1923--24 pounds
Germany	1,090	4,636	2,188	795
Russia	--	--	963	9,946
Holland	2,080	3,227	775	3,801
Canada	400	1,140	1,520	760
Belgium	--	110	110	--
Sweden	1,300	--	--	--
Italy	4,016	--	304	--
Spain	--	--	76	--

The following statement shows the possibilities for increasing our sandalwood oil business in the several countries:

Country.	Average sales by the factories.	Estimated normal consumption	Difference between 3 & 4	50% of (4) which Mysore should endeavour to secure.
1	2	3	4	5
America	45,210	100,000	55,000	27,500
England	39,180	25,000	--	--
France	38,002	85,000	47,000	23,500
Russia	(1) 9,946	25,000 @	11,000	5,500
Holland	(1) 3,801			

(1) 1923-24 sales.

@ The Continent of Europe excluding France.

During the last year, the factories only sold 164,000 pounds of oil and so large a quantity as 96,000 pounds was supplied by the other distillers. It is important to note that, while about half of this may be from Madras and Coorg woods exported from India, the balance is from the Dutch East Indies and West Australian woods.

woods. It is hardly necessary to observe that, with improved organisation suited to special local conditions, it should be possible for the Mysore Government product, whose superiority is recognised on all hands, to make greater headway and sell another 40,000 to 45,000 pounds if certain difficulties and handicaps that now exist, chiefly in the United States of America and France, are removed.

There are a number of sandalwood oil dealers in France having their offices in Paris holding stocks of oil for immediate delivery. There is a general marked tendency among French perfumers and pharmaceutical manufacturers to prefer to draw their supplies from local dealers who can immediately deliver from their stocks. Of course, enquiries are sent out to all, including our London office, but business is generally concluded with the local dealers at the lowest quotation, thereby saving themselves the worry and trouble of arranging shipment of their supplies from outside. Further, these local dealers have active canvassers and salesmen who are ever on the move. With my utmost personal endeavour, I was only able to secure the business of Astier and Roger & Gallet, of course two of the biggest; but it was not possible to make much headway with the other two big consumers and a number of medium and small consumers as against the Dutch distillers and other local dealers. There is also the fact that by obtaining supplies from local dealers, the firms can avoid the necessity of carrying on large stocks. As already stated above, several consumers require 100 to 200 pounds at a time. They cannot naturally be expected to arrange for their requirements from London, while their demands can be easily satisfied by local dealers. The business that is passing by our hands for the above reasons is not less than 40,000 to 50,000 pounds.

The high tariff wall in the United States of America militates

militates very severely against us. The local distiller who gets his supplies of sandalwood admitted free is naturally in a very favourable position. The quantity locally distilled which stood at 20,000 pounds a year or two ago, has now risen to 35,000 pounds. With the advantage of the 25% in his favour, the locally distilled product is bound to rise from year to year. It is clear there is always a ready demand for that quantity. The West Australian oil, on account of its selling at s.5/- less than the Mysore oil, has also a decided advantage over it, as the duty-paid-oil is about equivalent to the price of Mysore oil before paying duty or c.i.f. New York price. It is notorious that there is very large adulteration carried on in the States, which means that there is a good demand for the Australian product. It therefore follows that only so much of the demand left over by these two, i.e., the locally distilled oil and the Australian product, is available to the Mysore Government oil. Though the demand in the country is as large as 100,000 pounds, our portion is about 50%. It should also be noted that both our rivals are trying to increase their activities, which means that the portion available to the Mysore Government oil is subject to decline progressively.

I have attempted to give in the foregoing paragraphs a fair idea of the world's demand for sandalwood oil and briefly explained the difficulties that should be overcome if the Mysore Government oil should maintain its present position and secure a larger portion of the world's trade. I now submit my suggestions suited to the special circumstances of these two big consuming countries:

France: It will have been noticed from my despription of the conditions prevailing in this country that the number of consumers of sandalwood oil, both big and small, is fairly large and

that the dealer in their midst with stocks on the spot has a great advantage over us. If the consumers can satisfy their demands by a few minutes talk on the telephone with the local dealer, naturally they do not worry themselves by going to the dealer in London. A Paris office is, therefore essential for the Mysore Government oil. As it is not possible to defray the entire cost of such an office out of the present 3½% commission, I request Government to contribute annually £.1,000 towards its cost. By this arrangement, it is confidently hoped to secure at least another 20,000 pounds business, which is only half of what is met by others, and to bring thereby an additional revenue of about three lakhs of rupees to the State, for which an extra expenditure of Rs.15,000 is now required. As a matter of fact, I expect there will be no extra expenditure to Government by opening this office. The totals of sales in small lots will not be less than 20,000 pounds and as the rates to such purchasers will be at least a shilling higher than the rate charged to big purchasers, the expenditure of £.1,000 is quite likely to be made up by the extra 20,000 shillings to be realised from these small sales. Government will not, therefore, be incurring any loss by sanctioning a contribution of £.1,000 towards the Paris office while an additional revenue of Rs.3,00,000 will be ensured.

America: It has been shown above that the Mysore Government oil is handicapped in the States. The two rival products are gaining ground year by year. The handicap continues to be there so long as the Mysore Government oil is subject to the import duty. To overcome this handicap, I propose that Mysore Government sandalwood be sent to the States, distilled there and be sold as Mysore Government oil. This strikes at the root of the present artificial advantage enjoyed by the local distillers and enables us to secure a much larger business in the States. This

will

will also considerably, if not completely, stop the importation of West Australian oil as it cannot be cheaper, after paying duty, that the Mysore oil distilled inside. Luckily for Mysore, I have come to a satisfactory understanding with a very important firm in New York to distil the Mysore Government wood for us at a reasonable rate. The terms and details will be submitted if the proposal is accepted.

B. Sivaramachar

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Copy of letter dated the 23rd. August, 1924. from Mr. B. Sitaramachar to the Dewan.

AC 130-24-2.

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Referring to D.O. No.51 dated the 22nd. instant addressed to me by your Private Secretary, I beg to enclose herewith a memo indicating the terms under which the Mysore Government sandalwood would be distilled in New York. The memo also contains a comparison of the New York distillation charges with those incurred by the factories here.

With reference to your remarks in the matter of the Paris office, it is necessary to point out that there is not, and can never be, any comparison between the Essential Products and Messrs. Whiffens in regard to the methods of business and, consequently, the commission paid to each. It has already been clearly stated that with the present 3½% commission it is not possible to open a Paris office. If the commmission had permitted us, I would not have waited so long to open one. If Government arenot prepared to incur this small extra expenditure, I can only remark that very good chances for developing the sandalwood oil business in that country will have been thrown away. I have to repeat that the Paris office is mainly intended to secure the business of smaller consumers which, in the aggregate, is as large as 20,000 pounds per annum. As these small sales invariably fetch a higher rate about a shilling a pound more, the so called expenditure will be <u>non est</u>. Further, if no office is opened in Paris, a clear additional income of Rs.3,00,000 will be lost. In this connection, I find it necessary to state that the London office should ever remain as the central and controlling office and it is unthinkable to abolish it under any circumstances.

Mr. Y. Narasinga Rao informs me that you wish me to stay here to attend a conference which you may hold in this connection. I shall be obliged if you will kindly do so early as it is a week since I came to Bangalore and have to return to Mysore soon on account of urgent business there.

***** ********

American Distillation: Terms.

(14 11)

1. Quantity of sandalwood to be distilled in America:

Minimum	500 tons)	
	)	in a year.
Maximum	750 tons)	

2. The Agents to arrange for the distillation of the wood in New York; Messrs. Bush & Co., have promised to distil the wood.

3. Distillation charges to be a dollar per pound of oil.

4. The Agents to be responsible for the quality and yield of oil.

5. The oil to be packed by the Agents and stocked intheir godowns.

6. The oil to be marketed as Mysore Government oil just as the oil exported from the factories.

7. The transport charges on the wood from the factory in Mysore up to the factory in New York to be borne by Government.

8. Oil packing charges actually incurred by the Agnets, but subject to the maximum of what is now actually spent by the factories, to be borne by Government.

9. The arrangement with the American firm to be for not less than three years.

****

Distillation in New York and Mysore.

Distillation charges:-

Mysore: Rs.2.97 or in round figure, Rs.3/- per pound.

New York:Rs.3.2 of $. 1.00 in New York.

Freight and other charges on wood:-

From Mysore to New York, they work out to about Rs.1-4-0 per pound of oil.

The saving in freight and insurance and dock charges by not sending oil from Mysore to New York via., London, works out to Rs.0-12-0 per pound.

The net extra expenditure will be Rs.0-11-0 per pound of oil.

As against this, there is a clear saving of s.5/9 per pound of oil which is now paid as import duty on the oil shipped to New York,

15

G.R.S. VI G 34]

SUBJECT.....

.....

.....

Strictly Confidential

Diary No. of letter ~~replied to~~.....

Section DC

File No. 130-24.

Serial No. 3.

General and Revenue Secretariat

( )

the 192

Proceedings of the Government of His Highness the Maharaja of Mysore

Date of issue.... 19/5/24

Signed by B S Narasa Raj

Copies / enclosure ending with m

B. S. Tandavacharlu's letter dated 23rd Aug 24

~~from the Secretary~~ ~~Chief Secretary~~

~~Certain passages have been underlined~~

~~by the Secretary~~ ~~Chief Secretary~~

~~requested~~ indicating the

May this be ~~forwarded to the Durbar in~~ ~~Mysore Govt Gazette~~

i Printed ? ~~sent to the Durbar in~~ ~~America~~

ii treated as a standing order ? to be action

iii published in the Gazette, English Part ~~Extra~~ to be dealt

iv translated ? sales in Japan

v placed at the disposal of the press ? & Co. Sept

vi published in the Gazette, Kannada Part ?

Read—

Letter no. D.C 81/DC 192-23- dated 7th July 1923, to the Director, S. O. 7. Stating that the Govt have decided to terminate Messrs Whiffens agency as from the end of August 1923 and to appoint Messrs. Essenflower Products, Ltd of Mysore as the new agents in their place and requesting the Director to take immediate action as regards the termination of the present agency and the transfer

Order Thereon No.

of the agency work to the Essenflower products, Ltd.

2 × × Order no. DC 2024

The question of improving the Sale of Sandalwood oil in America and Japan has been under the consideration of Govt for some time past.

16

Mr B. Sitaramachar who was
deputed by the Mysore agents to
visit Europe and America, visited
France, Holland, United States
of America and Canada, the
chief consumers of Sandalwood
oil and after his return from
Mysore has submitted a
comprehensive report on the
investigations he has made
and has suggested two definite
proposals for the improvement
of the commercial arrangements
for pushing the Sale of Mysore
Oil in America and France.
The first proposal relates to
the distillation of Sandalwood
oil in America to the extent of
500 lbs per annum for three
years and the other to the opening
of an office at Paris to meet
the retail demand in France,
how and the cost of which
Govt is asked to Contribute
L. 1000/-.

2. The total demand for
Sandalwood oil in America is
estimated to be 100,000 lbs
per annum of which a little
less than 50% is now supplied
by the Mysore Factories, the
remaining portion being met
by local distillers and the
dealers in the West Australian

List of enclosures.

Copied by

Examined by

WD 1886—GPB—1,000,00—21-12-21

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

oil. It is pointed out that during 1922-23 the States took 57,000 lbs of Mysore oil and distilled 20,000 lbs and that during the following year they bought only 44,000 lbs from Mysore and increased their production to 35,000 lbs. The admission of Sandalwood into America duty free and the imposition of a duty of 25% on the Sandalwood oil imported has encouraged the distillation of oil in America. Against the West Australian oil which is cheaper to produce than the Sandalwood oil is making considerable headway in the States to the prejudice of Mysore oil. In order to counteract the disadvantages imposed by the levy of the duty on the oil and to improve our position in competing with the West Australian oil, the agents propose to import Sandalwood from Mysore into America and distil oil through the agency of

WD 2230—GPB—1,00,000—23-7-20

Messrs Bush and Co. ~~made this~~
On payment of
~~Superintendent at~~ Rs. 3-2 o per lb.
for Sale in America. They state that
this would enable them to sell the oil
~~at~~ if manufactured at Bombay
at Bombay - at the London rate of
22 Shillings per lb; which, while
leaving no margin of profit to
the local distillers, would give Govt
their present profit. Messrs. Bush
and Co. are stated to have agreed
to distil oil from 5'00 to 700 tons
of wood per annum for three years.
The Agents expect that by this
arrangement they would extend the
business in America to at least
50,000 lbs next year and more in
succeeding years and state that they
would themselves establish a branch
Office in America at a cost of
Rs. 9,000/- per annum.

3. As regards the Second proposal
Viz. the establishment of an office
at Paris, it is pointed out that
Cost of the total demand of 85,000 lb

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

a year in France, about 30,000 lbs are from small consumers, that by establishing an agency at Paris most of this trade could be secured and that they cannot bear the entire cost of the office out of their present Commission of 3½%. ~~Commission~~.

They therefore request that a subvention of £ 1000/- may be given by Govt towards the cost of the Branch Office and promise an additional revenue of three lakhs from the additional quantity of 20,000 lbs expected to be sold to Small Consumers.

4. Govt have carefully considered the proposals made by the agents and they have come to the conclusion that, with a view to effecting ~~a~~ better Competition in America ~~through~~ the Australian oil and the disadvantages due to the imposition of a duty of 25%, it is necessary to make the experiment suggested by the agents of distilling oil in America. ~~and they~~

WD 2230—GPB—1,00,000—23-7-20

abbrevn of the provisal made by the
as an experimental measure,
agents in this respect with the —
modification that the period will be
limited to two years and the maximum
to be assisted
quantity of wood to 1000 cords. As
The agents were
regards the Second Proposal, viz. obtaining
fully explained
an office in Paris, Govt are of
and the
opinion that, in case the agents
Govt's views.
open an Office in Paris to get the
The Conservator
extra business referred to above,
to be asked
a bonus up to a maximum of
whether any
2½% on the Sales in France
further
over and above the Sales for 1923-24
relaxation
or the average of the last three
would be
years; which ever is higher, may be
paid to the agents. He should be asked to report
Fr. The Director, S.O.F. and the
of the
Conservator of Frts. are requested
The Director
to take all necessary further action
requested to
in the matter.

Cancelled

[illegible] Above cases like agents
[illegible] Should report
[illegible] Mahsoolees [illegible]
[illegible]

SW 9/9

Per Secretary to Govt Irrigation Branch

To,
The Director, S.O.F.
The Conservator of Frts
The Commissioner of Coorg
[illegible]

1/879 - VS

STRICTLY CONFIDENTIAL. 21

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

(COMMERCE)

READ -

Letter No.I.C.81/I&C.192-23-11 dated 7th July 1923, to the Director, Sandalwood Oil Factories, stating that the Government have decided to terminate Messrs. Whiffens' agency as from the end of August 1923 and to appoint Messrs. Essenflour Products, Ltd., of Mysore as the new agents in their place and requesting the Director to take immediate action as regards the termination of the present agency and the transfer of the agency work to the Essenflour Produc Ltd.

2. Correspondence ending with Mr. P. Sitaramachar's letter dated the ~~19th~~ 23rd August 1924, indicating the action to be taken to develop sales in France and the United States of America.

ORDER NO. I.C. 2094-4-Ec-180-24-3

DATED, BANGALORE, 19 SEPTEMBER 1924.

The question of improving the sale of sandalwood oil in America and France has been under the consideration of Government for some time past. Mr. B. Sitaramachar who was deputed by the new agents to visit Europe and America, visited France, Holland, United States of America and Canada, the chief consumers of sandalwood oil and after his return to Mysore has submitted a comprehensive report the investigations he has made and has suggested two definite proposals for the improvement of the commercial arrangements for the sale of Mysore oil in America and France. The first proposal relates to the distillation of sandalwood oil in America to the extent of 500 tons per annum for three years and the other to the opening of an office at Paris to meet the retail demand in France towards the cost of which Government is asked to contributed [illegible]

2. The total demand for sandalwood oil in America is estimated to be 100,000 lbs per annum of which a little less than 50% is now supplied by the Mysore Factories, the remaining portion being met by local distillers and the dealers in the West Australian oil. It is pointed out that during 1922-23 the States took 57,000 lbs of Mysore oil and distilled 20,000 lbs and that during the following year they bought only 44,000 lbs from Mysore and increased their production to 35,000 lbs. The admission of sandalwood into America duty free and the imposition of a duty of 25% on the sandalwood oil imported have encouraged the distillation of oil in America. Again the West Australian oil which is cheaper to produce than the sandalwood oil is making considerable headway in the States to the prejudice of Mysore oil. In order to compensate for the disadvantages imposed by the levy of the duty on the oil and to improve our position in competing with the West Australian oil, the agents propose to import sandalwood from Mysore into America and distil oil under their supervision through the agency of Messrs. Bush and Co., on payment of Rs.3-2-0 per lb for sale in America. They state that this would enable them to sell the oil if necessary at the London rate of 22 shillings per lb, which, while leaving no margin of profit to the local distillers, would give Government their present profit. Messrs. Bush and Co., are stated to have agreed to distil oil from 500 to 700 tons of wood per annum for three years. The agents expect that by this arrangement they would extend the business in America to at least 50,000 lbs next year and more in succeeding years and state that they would themselves establish a branch office in America at a cost of Rs.9,000/- per annum.

3. As regards the second proposal viz., the establishment of an office at Paris, it is pointed out that out of the total demand of 85,000 lbs a year in France, about 30,000 lbs are from small consumers, that by establishing an agency at Paris most of this trade could be secured and that they cannot bear the entire cost of the office out of their present commission of 3½%, ~~commission~~. They therefore request that a subvention of £1000/-

23

may be given by Government towards the cost of the branch office and promise an additional revenue of three lakhs from the additional -- quantity of 20,000 lbs expected to be sold to smaller consumers.

4. Government have carefully considered the proposals made by the agents and they have come to the conclusion that, with a view to effectively fight competition in America due to the Australian oil and the disadvantages due to the imposition of a duty of 25%, it is -- necessary to make the experiment suggested by the agents of distilling oil in America. They approve of the proposal made by the agents in this respect as an experimental measure, with the modification that the period will be limited to two years and the maximum quantity of wood to be distilled to 1000 tons. The agents will be solely responsible for the quality of the oil and expected to excercise full supervision over the distillation. The contract to be entered into with the firm of distillers should be intimated to Government for information. As regards the second proposal, viz. opening an office in Paris, Government are of opinion that, in case the agents open an office in Paris to get the extra business referred to above, a bonus up to a maximum of 2½% on the sales in France over and above the -- sales for 1923-24 or the average of the past three years, whichever is higher, may be paid to the agents. They should be asked to -- report consent of these ~~agents~~ arrangements at an early date.

5. The Director, Sandalwood Oil Factories and the Conservator of Forests are requested to take all necessary further action in the matter. The Director, Sandalwood Oil Factories is requested to communicate these orders to the agents who should report immediately what steps they propose taking to give effect to them.

Yours duly

Offg. Secretary to Government,
Revenue Department.

The Director, Sandalwood Oil Factories in Mysore.
The Conservator of Forests in Mysore.
The Comptroller to Government.

Tel. Address :—"Sandal Bangalore."

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SANDALWOOD OIL FACTORY.
SANKEY'S LODGE,

Bangalore 2nd October 1924.

CONFIDENTIAL.

IMMEDIATE.

No. 1309

GEN. & REV. BRANCH
1826
2 OCT 1924
INDUSTRIES & COMMERCE
BRANCH.

From

Y. Narasinga Rau, Esq., B.A., B.L.,

Director, Sandalwood Oil Factories in Mysore,

Bangalore.

To

94C 130-24-1.

The Secretary to the Government of

His Highness the Maharaja of Mysore,

Revenue Department.

Sir,

With reference to Government Order No.I.C.2092-4/I.& C.130-24-1 dated the 19th of September 1924 regarding the distillation of our sandalwood in New York and the agents opening an office in Paris, I have the honour to forward for the information of Government copy of a letter received from the agents in reply to the above Order.

As the agents have agreed to arrange for the distillation of Government sandalwood in New York on the terms proposed in the Government Order, I request very early orders of Government to despatch wood to New York on the indents made by the agents.

The agents have represented that the subvention sanctioned by Government in respect of Paris office is not likely to meet even half of the actual expenditure to be incurred by them. They request for a reconsideration by Government of their decision in this respect. As the present Order can only be reconsidered on their furnishing more information, I have called for further particulars. Government will be approached on receiving their re[illegible].

ESSENFLOUR PRODUCTS, Ltd.

Mysore,

30th September 1924.

Y. Narasinga Rau, Esq., B.A., B.L.,

Director, Sandalwood Oil Factories,

Bangalore.

Dear Sir,

We are in receipt of your letter No.1191/1 of the 23rd instant forwarding for information copy of Government Order regarding American distillation and Paris Office and are glad to see that Government have appreciated the importance of our proposals to put the Mysore Government Sandalwood Oil business on a firm footing.

As regards the distillation of the Mysore Government Sandalwood in New York, we shall be prepared to arrange for the distillation on the terms proposed by Government. We would request you to kindly take early steps to despatch the wood to New York.

As regards the opening of an office in Paris, Government have ordered as follows:

> Government are of opinion that, in case the agents open an office in Paris to get the extra business referred to above, a bonus up to a maximum of 2½% on the sales in France over and above the sales for 1923-24 or the average of the past three years, whichever is higher, may be paid to the agents.

From the tenor of this order it does not appear to us that Government are yet convinced of the full importance of the Paris office for the betterment of Sandalwood Oil sales in this important consuming country. There is only an expression of willingness to bear a very small portion of the charges, and that too in the form of a bonus, if an office is opened in Paris. We were under the impression that the necessity for the step advised by us had been fully realised.

The

Serial No.

Letter no. 1450 dated 15th October 1924, from the Director, S.O.T.

Requests early orders of Govt on his proposal to despatch Sandalwood to New York on the indents made by the agents, for purposes of distillation and States that, for reasons explained, he has arranged to despatch 50 tons to Bombay, another 50 tons being sent by about the 22nd inst.

The main file on the subject has been submitted to the Dewan for orders. The Director suggests that in the agency agreement to be executed by the agents provision should be made in the ~~matter~~ Shipping Sandalwood to America. This question has already been considered and it has been decided that the new arrangements in regard to the distillation of Sandalwood in America should be embodied in a supplemental agreement and that the agency agreement should be executed immediately. The Director may, if approved be informed accordingly.

This may be submitted to the Dewan for orders in continuation.

SA 16/10/24

SMR 16/10

(Per Secy) The main file has been sent back from the Dewan with orders to put up this report

NOTE—Contn. Sheet

File No. of 19 .

General and Revenue Secretariat.

Serial No.

NOTE—Contn. Sheet

Tel. Address :—"Sandal Bangalore."

28

SANDALWOOD OIL FACTORY,
SANKEY'S LODGE,

Bangalore 15th October 192

CONFIDENTIAL.

URGENT.

No. 1150.

GEN. & REV. SECRETARIAT
18 OCT 1924
INDUSTRIES & COMMERCE BRANCH.

From

Y. Narasinga Rau, Esq., B.A., B.L.,
Director, Sandalwood Oil Factories in Mysore,
Bangalore.

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Revenue Department.

Sir,

I have the honour to invite reference to my letter No.1800 dated the 2nd instant requesting for early orders of Government to despatch sandalwood to New York on the indents made by the agents and to state that intimation has been received from the shipping agents that the consignment should be despatched from Bangalore by the 17th instant if it should be shipped by the next opportunity. The agents are very anxious that sandalwood should be sent to New York as early as possible. There is ordinarily only one sailing to New York in a month. Under these circumstances, I have, in consultation with the Conservator of Forests, arranged to despatch 50 tons to Bombay on the 17th instant. Another 50 tons will be sent by about the 22nd instant.

To effect shipments to New York, it is necessary to have beforehand Invoices duly counter-signed by the American Consul, for which purpose the particulars required in the printed form have to be furnished. It was thought desirable to have these entries filled in by the agents. I have accordingly arranged that the agents should take over the consignment from the time of its being load-

in the waggons. The agents will, therefore, become responsible for the wood from the time of its being railed from the factories. It follows that the shipping arrangements will also be made by them.

No provision has been made in the draft agreement to be executed by the agents to meet such a contingency as; at the time of drafting the agreement, this contingency, i.e., of shipping sandalwood to New York, had not been contemplated. As the agreement has not been executed up to now, it is necessary that due provision should be made therein to cover all the responsibility incidental to the present arrangement. The draft agreement may, therefore, be returned to me for amplifying the present terms.

I have the honour to be,

S i r,

Your most obedient servant,

Director.

30

G. R. S. VI–G-32] B50—WD 0527

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat

( )

, the 192 .

Date of issue 19/10/24.

Signed by

Section D2e

File No. 130-24.

Serial No. 5

No. I.C D75-2

To The Director, S.O.T.

Sir,

With reference to your letter no. 1300 dated 2nd October 1924, forwarding copy of letter dated 30th September 1924, from the Essenflower Products, Ltd stating that they are agreeable to arrange for the distillation of the Mysore Sandalwood in America on terms mentioned in the Govt order dated 19th September 1924 and the subsequent letter no. 1450 dated 15th October 1924, requesting orders to despatch Sandalwood to New York on the grounds made by the Agents, I am directed to state that the Govt consider

over

91

it necessary that the agents should execute an agreement regarding the distillation of Sandalwood in America on the terms mentioned in Ad G.O. of 19th Sept 1924 and to request that you will kindly submit at once a draft of an agreement for the approval of Govt. Govt have however no objection to your despatching wood to New York on the indents made by the Agents, pending the execution of a proper agreement,

Yours
[illegible]

Sec
1910

Rev. Secretary.

91
1910

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, *the* 191 .

Date of issue 13/2/25

Signed by V. V. Esqr

flag 'L'

Section

File No.

Serial No

No. I.C 5-5-97

To Dear Sir,

I am desired to invite Kind reference to this Office letter No. I.C. 2752 dated 19th October 1924, requesting for a draft of an agreement to be executed by the Essenflavour Products, Ltd in regard to the distillation of Sandal wood in America and to request that the draft may be submitted at once for the approval of Govt.

Yours Sincerely

B

M M over. 14/2

Y. Narasinga Rao, Esq

B.D.B.L

Director, S.O.T.

B.L 7/2/25

Address :—"Sandal Bangalore."

26499

CONFIDENTIAL.

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SANDALWOOD OIL FACTORY,
SANKEY'S LODGE,

Bangalore 10th December 192

No. 2127

GENERAL REVENUE & INDUSTRIES

4970

From

V. Narasinga Rau, Esq., B.A., B.L., HC. 130-24-6

Director, Sandalwood Oil Factories in Mysore,

Bangalore.

11. DEC. 1924

To

The Secretary to the Government of

His Highness the Maharaja of Mysore,

Revenue Department.

Sir,

In pursuance of Government Order No.I.C.2752/I.& C.~~103~~ 130-24 dated 19th of October 1924, sanctioning the despatch of sandalwood to Ame for distillation in New York, I have the honour to state that the f consignment of 50 tons was despatched in the month of October and t consignment saild from Bombay on the 30th idem. The second instal of 100 tons was despatched in November and 50 tons will be sent in couple of days. The first consignment is expected to be in New Yo by the middle of December and the oil distilled therefrom is likely be available from the middle of January next for sale. It was the fore considered desirable to take early steps for getting a fair pr for the oil distilled in America. Necessary negotiations were con ducted by the agents in this connection and an order was secured fr Messrs. Ungerer & Co., of New York for 36,000 pounds to be delivere in three instalments of 12,000 pounds each. The first instalment, 12,000 pounds will be delivered in January next and the other two o of the oil distilled in New York in the months of April and June. This contract has been entered into at $.6.00 per pound. As the r of $.6.00 has been secured for an order of 36,000 pounds, the rate ordinary transactions will be in the neighbourhood of $.6.50 or abo

s.28/- per pound which, it will be seen, is quite a favourable rate when compared with the rate of s.25/- per pound in the London market.

As the American-distilled oil will not be available in large quantities before the end of January next, the first instalment of 12,000 pounds will be delivered from the factory stocks. Arrangements have now been made to ship this oil direct to New York from Bombay about the 15th instant.

I have the honour to be,

S i r,

Your most obedient servant,

Yuvarasinga Rao

Director.

GOVERNMENT OF MYSORE

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ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

CONFIDENTIAL.

Bangalore 17th December 1924.

No. 2260
Enc.

Dear Mr. Anantaraman,

A telephone message was received here from your office enquiring the charges on account of freight and insurance per pound of oil from Bangalore to New York. I believe this information is required by you in connection with my recent letter regarding the sale of 36,000 pounds of oil to Messrs. Ungerer & Co., of New York. Considering that it would be useful to you if I give the charges for direct shipment to New York from Bangalore as well as what they will amount to if the oil is sent to New York via., London, I note below the charges per pound that would be incurred in forwarding the consignments as stated above:

From Bangalore to New York direct:	Rs.0-6-6	per pound.
From Bangalore to New York via., London	0-10-0	Do.

You will see from the above that I hope to save about Rs.0-3-6 per pound on the consignment of 12,000 pounds of oil which has just now been despatched to Bombay for shipment to New York. This is the first shipment going direct from Bombay to New York and my estimate is therefore subject to revision on receipt of the actual bill from the shipping agents.

Yours sincerely,

Yaraasuga R

K.V. Anantaraman, Esq., B.A.,

GOVERNMENT OF MYSORE 36

ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

CONFIDENTIAL.

Bangalore 8th January 192 5.

No. 2580
Enc.

GEN. D 34599
INDUSTRIES & COMMERCE
BRANCH.

Itc 130-24-6(a)

Dear Sir,

In continuation of my letter No. 2127 dated 10th December 1924 regarding the sale of 36,000 pounds of oil to Messrs. Ungerer & Co., of New York, I write this to explain in detail the circumstances relating to this transaction.

A brief reference here to the position and standing of this firm is desirable. They are one of the biggest, if not the biggest, dealers in essential oils with considerable influence in the United States. They have all along been anxious to secure to themselves as large a portion of our business as possible. In May 1924, they made an enquiry for 60,000 pounds of oil; but no action was taken on this as such a course would virtually result in handing over almost the entire business of the country to one firm. They were repeating their enquiries every now and then and in November last, they made a firm enquiry for 50,000 pounds of oil.

Since Government granted to them a rebate of 6d. in the pound on their last purchase of 10,000 pounds, this firm is evincing a greater interest in our business. It is interesting to note here that they represented to the Agricultural Department of the United

States

States that they had good reasons to suspect that the West Australian oil was known to be largely used in the States indirectly for pharmaceutical purposes though it was not up to the United States Pharmacopoeia standard. This matter was taken up by the Agricultural Department and it is now confidentially learnt that Messrs. Ungerer & Co., have been informed by the Department that one of the future consignments of West Australian oil would be held up for thoroughly investigating the question. If this were to act as a check on the free use of West Australian oil as an adulterant with the East Indian oil, the impetus that our product would get thereby would be considerable. The continued good-will and co-operation of this firm is, therefore, a matter of material importance to us.

It was in October last that orders of Government were passed sanctioning the distillation of Government sandalwood in New York. This move on our part, as it is intended to check the expansion of the local distillation, is likely to arouse a certain amount of opposition from the New York distillers and others interested in them. It was, therefore, considered very desirable that needful steps should be taken as early as possible to overcome the effects of such opposition by securing before-hand the active co-operation of big firms and thus prepare the ground for a favourable reception for our product in the market. Happily, an enquiry was received by cable on the 18th of November that Messrs. Ungerer & Co., ask for quotations for 50,000 pounds of oil. I decided to take advantage

advantage of this enquiry, taking necessary precautions at the same time to protect our interests. It is evident that the securing of an order in advance for a good quantity of oil to be distilled in New York was in the nature of insuring the successful entry of our product on the market, and as no objection could possibly be raised against the quality of our product distilled in New York by other distillers when a good quantity was purchased forward by a firm like Messrs. Ungerer & Co. As is well known, commercial firms in similar circumstances take very great precautionary measures at considerable expense to ensure a favourable reception for their new product. But as the Fraserpet auction sales had not yet been over, I asked the agents to gain some time by replying that they were in consultation with me in the matter.

The auction sales at Fraserpet were held on the 24th of November and the average price of superior classes stood at Rs.1,500 per ton. The dollar-rupee exchange at the time was Rs.294 per 100 dollars. Allowing Rs.150 as the transporting charges per ton of wood from the Koti to New York and $.100 as the cost of distilling 120 pounds of oil therefrom (these figures are based on actual cost), the New York distillers' cost per pound of oil would work out to $.5.50. From the market reports received at that time from New York, it was learnt that the rate for sandalwood oil was then between $.5.90 and $.6.10 per pound and that those holding stocks were, in several cases, selling them at some loss.

The

The exporters of sandalwood to Europe and the United States of America purchase their requirements at all the centres. The rates at Satyamangalam and other centres would generally be about Rs.150 to Rs.200 less per ton than the Fraserpet rate and the average price, spread over the exporters' total purchases at all the centres, would therefore be about Rs.100 below the average Fraserpet rates. The cost of oil to the foreign distiller would not ~~therefore~~ be higher than what it would be if all his wood were purchased from the Fraserpet Koti. It was, therefore, considered safe and advantageous to quote our price based on the Fraserpet rates and before the Satyamangalam sales were held. As the cost to New York distillers would not be above $5.50, I considered that a price of $6.00 for our oil would be very fair and reasonable to all concerned. The agents were instructed on the 25th of November to quote $6.00 and to agree to sell only 36,000 pounds as against their enquiry for 50,000 pounds of oil. The following cable was accordingly despatched by them to New York:

> QUOTE SIX DOLLARS DUTY PAID 36,000 POUND LOT 12,000 POUNDS TO BE DELIVERED FIRST WEEK IN JANUARY, 12,000 POUNDS BEGINNING OF APRIL, 12,000 POUNDS END OF JUNE FIRST DELIVERY OIL FROM HERE REST NEW YORK DISTILLED STOP QUOTE OTHERS SIX DOLLARS TWENTYFIVE CENTS 5,000 POUND LOTS.

This rate provided for a margin of $0.50 over and above the average

average cost based upon the Frascrpet rates. There was some discussion as regards the terms of payment and intimation of the final acceptance of the offer was received from America by cable on the 6th of December with a request to ship 12,000 pounds immediately.

It is perhaps necessary to explain why all the 36,000 pounds could not be met from the New York distilled oil and why the first lot of 12,000 pounds was arranged to be shipped from here. It was originally intended to meet the whole of the States' demand for this year out of the New York output; but owing to various unavoidable reasons, it was not possible for the Government wood to get into New York early enough for this purpose. It has also been since learnt that Messrs. Bush & Co., can only manufacture 6,000 pounds of oil per month. A lot of 12,000 pounds from that source could not, therefore, be expected before March 1925 at the earliest. For the last six months, much oil has not been taken by the United States. It is estimated that the demand for the next six months may be between 50,000 and 60,000 lbs. As more than 36,000 pounds of oil could not be expected from the New York distillation, the balance of 20,000 to 25,000 pounds should be met from the factory or London stocks. Further, Messrs. Ungerer & Co., wanted 12,000 pounds to be delivered immediately. It was not good business to send over these people to other sources of supply by informing them that we could not supply them to meet their immediate demands. The only course, therefore, left open to us was to ship the first instalment of 12,000 pounds from here. Accordingly, a consignment of

This oil has been sold but I am not sure for what amount of purchase paying the duty —

of 12,000 pounds was despatched to New York on the 16th of December last as it was found cheaper to send the oil direct from the factories instead of despatching from the London stocks.

I have now to refer to the guarantee against reduction in price granted to this firm. This guarantee has been definitely explained to mean that if at the time of delivering any of the instalments against the contracted quantity, our oil is sold in the United States on similar lots at ~~reduced~~ rates lower than the contracted rates, such instalments would be given the benefit of such reduction. This involves no commitment of granting any rebate under any circumstances. On the other hand, this would greatly help to steady the market for a fairly long period. Such forward contracts are more or less a feature now-a-days especially in the case of very large firms. It has recently come to my notice that a big French firm by name Duclos has purchased forward about 24 tons of several essential oils (other than sandalwood oil) and thus secured its requirements till April 1926.

I have also to add that this rate of $.6.00 has been only allowed to Messrs. Ungerer & Co., and that instructions have been issued to charge a higher rate ranging from $.6.25 to $.6.50 to other dealers according to the quantities purchased. So far as one can see, the chances of the price going up much above $.6.50 are very few.

Summarising the above, Messrs. Ungerer & Co., are very influential

influential dealers in sandalwood oil in New York, whose good-will and active co-operation is of material importance to us.

It was a matter of utmost importance to take necessary measures before-hand for insuring a favourable reception for our oil distilled in New York to avoid any future troubles that might be raised by local distillers.

The price of $6.00 is based upon the Fraserpet rates with reference to the then existing exchange and it is fair and reasonable to both parties concerned.

As the immediate demand could not be met from the New York output and as it was inadvisable to drive such an influential firm to other sources of supply when we could easily meet the same, it was decided to ship the first lot of 12,000 pounds from the factory stock

The guarantee against decline does not involve any loss to Government as there is no liability to grant any rebate under any circumstances.

I hope that the above details clearly explain the circumstances of the case under which the contract was entered into.

Yours sincerely,

Yuarasuiga Rau

K.V. Anantaraman, Esq., B.A.,

43 GC 130-24-7

Confidential

I.C 4639

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Dated 12/5/25

Signed by K.V. Arulam

To

The Director, S.I.B.

Sir,

With reference to your letter No 2127 dated 10th December 1924, stating that an agent has secured from Messrs Ungeier & Co of New York an order for 36,000 pounds of Sandalwood oil at the rate of £ 6.00 per pound and that as the American distilled oil will not be in large quantities before the end of January '25 the first instalment of 12,000 pounds will be delivered from the factory Stocks and to your subsequent D.O. letter No 2580 dated 8th January 1925 explaining the circumstances relating to this transaction, I am directed to state the observations that this large transaction covering as it does Several lakhs of rupees

Should have been reported in greater detail with fuller explanations and the offer of the firm should have been kept open and not accepted until Govt orders were received. As matter stand at present, it is not possible for Govt to accept the transaction as an accomplished fact for more than one reason, Firstly, the agents exceeded their authority ~~and as such, they must be called to order~~. Secondly, the transaction involves a mixed deal of (1) Sale of oil distilled in oil factory which was never intended to be consigned to America and (2) Sale of oil, distilled in America out of ~~Canada~~ wood consigned to that Country. The deal therefore involves, on the face of it, a contradictory policy. Thirdly the price is not advantageous, nor is there any justification for a guarantee of any rebate. Govt therefore direct

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(Continuation sheet draft form.)

that the Ord. should not be deemed to the firm pending further negotiations as to the rates and terms and that they should be cabled to to say that the acceptance was communicated without any reference to the Govt and that the Govt would like to enter into fresh negotiations as to the terms before the contract is completed.

In case, however, the agents, to Save ~~their reputation and~~ in their own interest deem it necessary to ratify the Contract, Govt would ~~call upon~~ them to make good the loss which will be incurred on the Shipment of 12,000 lbs of oil from Bangalore, ~~(illegible words)~~, they must ~~Should~~ forego the commission on the transaction relating to the Bangalore Consignment.

Sd/-
Rev Secy

14/1/25

WD 2230—GPB—1,00,000—28-7-20

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General and Revenue Secretariat.

IJc File No. 130 of 19 14

Serial No.

No. 2636 dated 14th January 1925, from the Dewan, S. O. T.

States that it appears have recorded that the first consignment 50 tons of Sandalwood Shipped to New York has arrived there and wanted to be ready for distillation before the first week in January '26.

Subject for perusal. The connected papers have been submitted to the Dewan in another connection.

DEWAN'S OFFICE
RECD. ON 19. JAN. 1925
Reg. No. 5789.

51 16/1

Rev Secy
Dewan

WM 16/1 16
17/1
WM 17/1

Secy

21 1925

21-1 WM 21/1

GEN. & REV. SECRETARIAT
28 NOV 1925
INDUSTRIES & COMMERCE

NOTE—Contn. Sheet

Serial No.	

Tel. Address :—"Sandal Bangalore."

33626

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SANDALWOOD OIL FACTORY,
SANKEY'S LODGE,

J & C 130-24-8

Bangalore 14th January 1925.

No. 2636

D 3505

GEN. & REV. SECRETARIAT
15 JAN 1925
INDUSTRIES & COMMERCE
BRANCH.

GEN. & REV. SECT.
Ex. J & C
15 JAN. 1925
G. D. SECTION.

From

Y. Narasinga Rau, Esq., B.A., B.L.,

Director, Sandalwood Oil Factories in Mysore,

Bangalore.

To

The Secretary to the Government of

His Highness the Maharaja of Mysore,

Revenue Department.

Sir,

I have the honour to state that the Agents have reported that the first consignment of 50 tons of sandalwood shipped to New York in October last has arrived there and that it would be ready for distillation before the first week in January.

I have the honour to be,

S i r,

Your most obedient servant,

Ynarasinga Rau

Director.

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GOVERNMENT OF MYSORE

ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

CONFIDENTIAL.

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

Bangalore 14th January 192 5.

No. 2617
Enc.

GEN. & REV. SECRETARIAT
16 JAN 1925
INDUSTRIES & COMMERCE
BRANCH.

I&C 130-24-9

Dear Sir,

I have duly received your confidential letter No.4639/I.& C. 130-24-7 dated the 12th instant conveying the instructions of Government not to give effect to the contract recently entered into with Messrs. Ungerer & Co., of New York. Before taking action thereon, I feel it necessary to represent how the several parties concerned stand at present and to examine the position from the commercial point of view.

In my D.O. letter No.2580 dated the 8th instant, I have explained at length the reasons for my taking the course of action I did in this transaction on behalf of Government. It was essential to take due steps before-hand to guard our interests against any prejudicial action by New York distillers with respect to our New York distilled oil. There was on hand an enquiry for 50,000 pounds of oil from Messrs. Ungerer & Co., of New York. The sandalwood oil rate in the world is largely controlled by the price realised by wood at Madras and Coorg auction sales. It is well known that the Fraserpet wood usually realises the highest rate and at other centres, materially lower rates. The highest rate that the oil could fetch is therefore not more than what it would

cost

cost to a New York distiller who purchases Fraserpet wood. I therefore thought that the psychological time to secure a business to the best advantage of Government was just after the Fraserpet sales and before the next sales at the Satyamangalam centre. On the basis of Fraserpet rates, it was found that it would cost $.5.5 to a New York distiller per pound of oil and that the rate of $.6.0 with a margin of $.0.50 over and above it, was therefore quite satisfactory. At the then rate of exchange, it meant that the New York transaction would bring to Government s.27/- per pound of oil against the London rate of s.24/- for a fair sized transaction, while we were only getting s.22/- for oil sold on c.i.f. New York basis. Considering all the aspects of the case and in view of the desirability of securing the active good-will of an influential firm like Messrs. Ungerer & Co., in favour of our product, I instructed the agents to quote them $.6.00 for 36,000 pounds. I satisfied myself that in acting thus on behalf of Government, the interests of Government would be very well served.

It is not open to the agents to question the validity of my instructions to them, as otherwise, no business would be possible--much less a business of international complexion and magnitude as ours. The $.6.00 rate given by me was accordingly quoted by them by cable and after the exchange of some cables, was duly accepted by Messrs. Ungerer & Co. The contract is thus a completed transaction and the first instalment of oil has been delivered to the agents and shipped by them and is now on sea. The contract is

not

not therefore now revocable. Non-delivery of oil at this stage would render us liable to the consequences of a breach of contract.

It will be clear that the agents have only acted under my instructions and they cannot, as such, be considered to have exceeded their authority.

The main objection of Government is apparently for having mixed up both factory distilled oil and New York distilled oil in this deal. If so, it may perhaps be overcome by delivering the whole contracted quantity of 36,000 pounds from the New York distilled oil. Intimation has been received from New York that the first consignment of sandalwood has arrived there and the distillation may have commenced by this time. The agents may be asked to request Messrs. Ungerer & Co., to take the first lot of 12,000 pounds of oil in smaller lots as the New York distilled oil becomes available, instead of in one instalment as originally agreed.

The 12,000 pounds of oil shipped to New York in December is on sea. Its disposal will have to be decided. Either it should be diverted to London on arrival at New York or taken into New York paying duty thereon. If the former course is adopted, apart from the small extra expenditure involved, it would practically restrict our business with the United States of America for this year to 36,000 pounds only, while that country should give us atleast 50,000 pounds business. We would be thereby voluntarily

surrendering

surrendering a portion of our business to other sources of supply. If, on the other hand, it is taken into New York, it can be sold at $.6.25 for 5,000 pound lots or at $.6.50 for smaller lots.

I therefore request you will be good enough to submit the case for the kind reconsideration of Government.

Yours sincerely,

Y. Narasinga Rau

K.V. Anantaraman, Esq., B.A.,

52

Confidential

G. R. S. G/33].

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Yo 1 C 4704

The Director, S. O.

9 & C. 130-24-10.

Sir,

With reference to Do.
Correspondence ending with your letter
no 2617 dated 14th January 1925,
regarding the Sale of 36,000 pounds
of Sandalwood oil to Messrs. Ungerer
and Co. of New York, I am
directed to State that the 12,000 lbs
of Bangalore oil already consigned to New
York should be diverted by cable
to London and that the firm of Messrs Ungerer
should be asked to take an equal
quantity from the oil distilled
in America. Immediate action
should be taken accordingly and
a report submitted for the
information of G.O.I.

Thanks
16/1
Rev Secy.

WD 2230—GPB—1,00,000—23-7-20

16/1

Tel. Address :—"Sandal Bangalore."

D. No. 3641 53

SANDALWOOD OIL FACTORY,
SANKEY'S LODGE,

Bangalore 21st January 192 5.

Confidential

No. 2766

22 JAN 1925
INDUSTRIES & COMMERCE
BRANCH.

From

Y. Narasinga Rau, Esq., B.A., B.L.,

Director, Sandalwood Oil Factories in Mysore,

Bangalore.

I & C. 130-24-11

To

The Secretary to the Government of

His Highness the Maharaja of Mysore,

Revenue Department.

Sir,

With reference to your confidential letter No. I.C.4704/I.C. 130-24-10 dated the 16th of January 1925 regarding the divertion of 12,000 pounds of sandalwood oil now on its way to New York, I have the honour to state that a report has been received from the agents that they have sent cable instructions to America to deliver American distilled oil to Messrs. Ungerer & Co., and to divert the shipment of 12,000 pounds of oil per S.S. ALGIC, to London soon after its arrival at that port.

I have the honour to be,

S i r,

Your most obedient servant,

Yrcarasinga Rau

Director.

GOVERNMENT OF MYSORE

ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

IMMEDIATE.

CONFIDENTIAL.

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

Bangalore 22nd January 192 5.

I&C. 130-24-12

No. 2776
Enc. 1

SECRETARIAT
22 JAN 1925
INDUSTRIES & COMMERCE
BRANCH.

Dear Sir,

Further to my letter No.2766 dated the 21st instant, reporting that the agents had cabled their New York office to meet Messrs. Ungerer & Co's order from the New York distilled oil and to divert the shipment of 12,000 pounds of oil to London, I have to state that Mr. B. Sitaramachar has telegraphed to say that a cable was received from his New York office in reply to his instructions that as the goods had been sold in advance, the shipment could not be diverted to London and that default in contract was not possible. The telegram is enclosed herewith in original for your reference.

It was hoped that this lot of 12,000 pounds could be diverte to London without any material inconvenience to the party; but i is unfortunate to find that that course is not now possible.

Under these special circumstances, I am to request you wil kindly obtain the sanction of Government to deliver this shipme of 12,000 pounds to Messrs. Ungerer & Co.,

Yours sincerely,

Yuarasuiga

K.V. Anantaraman, Esq., B.A.,

55

C. X. 76 POSTS TELEGRAPHS. 4

NOTICE.
This form must accompany any inquiry made respecting this Telegram.

Charges to pay.
Rs. As.

HEBBAL Office Stamp. 21 JAN 25

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.
Bangalore	21	15	15	X	52

TO Ramsay Esq Hebbal

Recd. here at 16 H. 20 M.

Cory Lucas thus referring to your telegram of [illegible] has commenced distilling it is impossible to dispose of the spirit sold the goods in advance impossible to fulfil the Contract

N.B.—The name of the Sender, if telegraphed, is written after the text.

56

GOVERNMENT OF MYSORE

ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

IMMEDIATE.

CONFIDENTIAL.

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

Bangalore 22nd January 1925.

D.O No. 2778
Enc.

Dear Sir,

Since writing to you my D.O. of date regarding the diversion of the 12,000 pounds of oil to London, I received the following telegram from Mr. B. Sitaramachar:

> COX WIRES THUS: REFERRING MY TELEGRAM NINETEENTH (?) WILL IF POSSIBLE DIVERT PORTION ALGIC SHIPMENT-WILL DEPEND UPON PROGRESS IN DISTILLING-LEAVE IT TO ME MAKE BEST ARRANGEMENTS POSSIBLE UNDER THE CIRCUMSTANCES.

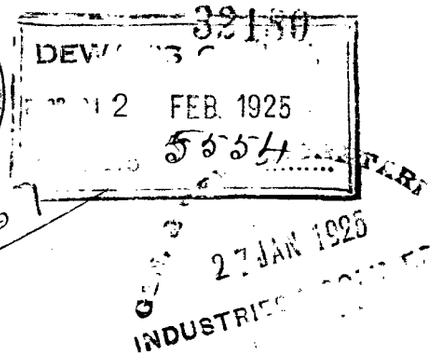
According to the sense of the telegram, the agents may perhaps be able to effect a diversion of a portion of the shipment but not the entire quantity. I do not consider such a procedure would in any way be advantageous. As it is represented that the whole shipment cannot be diverted, I request orders as proposed in my earlier D.O. of this morning.

Yours sincerely,

Varadaraja Rau

K.V. Anantaraman, Esq., B.A.,

Tel. Address:—"Sandal Bangalore."



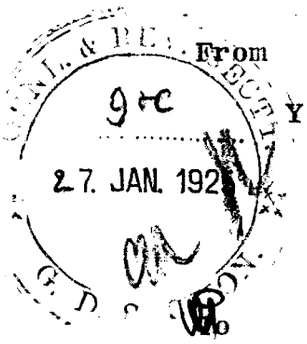
No. 2867

SANDALWOOD OIL FACTORY.
SANKEY'S LODGE,

Bangalore 26th January 192 5.

57

S 3743



From

Y. Narasinga Rau, Esq., B.A., B.L.,

Director, Sandalwood Oil Factories in Mysore,

Bangalore.

I & C 130-24-13.

The Secretary to the Government of

His Highness the Maharaja of Mysore,

Revenue Department:

Sir,

I have the honour to state that the Essenflour Products, Ltd., Mysore, have received cable advice from New York that the first shipment of 50 tons of sandalwood was duly received there and distillation therefrom commenced.

I have the honour to be,

S i r,

Your most obedient servant,

Yvarasinga Rau

Director.

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

D. 58

No 1.C 5098

Dear Sir,

With reference to ~~your~~ correspondence ending with your D.O. letter No 2778 dated the 22nd instant, sending a copy of H.E. Sivaramachar's telegram in regard to the diversion of 12,000 pounds of oil shipped to New York, to London, I am desired to state that the result of Cox's action ~~indicated~~ referred to in telegram may be awaited. A further report may be submitted as early as possible.

Yours Sincerely,

[illegible]

for Secretary to the Government.

To

G. Narasinga Rao, Esq.,

Bellary.

Dated 27/1/25

Signed V. S. Sastri

I&C 130-24-14

Copy of which is enclosed to your letter No 2778 of 22nd inst.

Give directions that the letter should be sent by express mail to London.

WD 2230—GPB—1,00,000—23-7-20

App.F.VI-G1.]

SUBJECT 59

Diary No. of letter replied to

General and Revenue Secretariat
( )
, the 192

Date of issue 18/3/25

Signed by V. V. Iyer

Issue
VS
18/3/25

List of enclosures

Copied by

Examined by

Section DW
File No. 130-24
Seria. No.

No. I.C. 6329
D.O.

To The Director, S.O.T

Dear Sir,

I am desired to invite
kind reference to this Office No.
D.C. 5091 dated 27th January
1925 in regard to the diversion
to London
of 12000 tonnes of oil shipped to
New York and to request that
a report of action taken in
the matter may be submitted early
for the information of Govt.

Yours Sincerely
VS 18/3/25

G. Varasinga Rao, Esq.
B.A.B.L.
Dir, S.O.T

over

18/3

66

GOVERNMENT OF MYSORE

ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

Bangalore 17th February 1925.

No. 3218
Enc.

GEN. & REV. SECRETT.
D4145
17 FEB 1925
INDUSTRIES & COMMERCE
BRANCH.

Ind C 130-24-15

Dear Sir,

Regarding the agreement to be entered into by the Agents in connection with the distillation of sandalwood in New York, I furnish herewith a memorandum which may form the basis for the formal agreement. This subject was under discussion between the Agents and Messrs. Bush & Company of New York and a memorandum of agreement was received by the Agents from Messrs. Bush & Company by the last mail. No draft agreement was submitted to Government till now as it was considered desirable that the terms of the Agents' agreement with Messrs. Bush & Company should first be settled satisfactorily as that agreement is really the more important than that to be entered by the Agents with Government.

I have seen this memorandum. All the important points have been referred to therein. I note below the main terms that should be included in the agreement to be executed by the Agents with Government. If these are approved, I shall have the formal agreement drawn up which will be sent to the Agents for their acceptance The drafts so accepted by them will be submitted to Government for final approval.

Terms:

Terms.

1. The Director shall make necessary arrangements to supply to the Agents superior classes of sandalwood as required by them from time to time for shipment to New York in accordance with the Government Order on the subject.

2. The wood shall be taken delivery of by the Agents on rails at Mysore or Bangalore as the case may be and they shall make necessary arrangements to transport the same to New York.

3. On the arrival of shipment at New York, the consignment shall be weighed by the Port authorities or other public organisation, which weight shall be taken as the final weight of the quantity shipped from India. This shall be considered as the quantity delivered in New York for distillation purposes.

4. The Agents shall take all needful steps in connection with the distillation in New York of the wood, under proper technical supervision.

5. The Agents shall be responsible to Government for the quality and yield of oil and its proper storage later on.

6. The Agents shall be responsible for the safe custody of both wood and oil during all the stages and shall have stocks of both wood and oil fully insured against fire and other risks.

7. The Agents shall submit to the Director monthly accounts furnishing

furnishing full details as regards the receipt and disposal of sandalwood and oil.

8. The charges incurred by the Agents for transport by rail and boat shall be paid to them by the Director on bills presented by them from time to time. The charges incurred by them at the other end may be met out of the sale proceeds and the balance credited to Government.

9. The realisations shall be remitted not less than once a week in accordance with the instructions from the Director from time to time.

10. The usual Account Sales and Sales Report shall be submitted for the transactions carried on in the United States of America just as is being done in respect of London transactions.

11. This agreement shall be in force for a period of two years ending with June 1926 and the agreement may be renewed by mutual understanding.

12. All matters not specifically mentioned in this agreement shall be attended to in accordance with the terms relating to such matters in the Agency agreement.

Yours sincerely,

Yrarasinga Rau

K.V. Anantaraman, Esq., B.A.,

Dr. H.C 130-24-16

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Dr.

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Cy

No. C 5-714

Dear Sir,

With reference to your letter no. 3218 dated 17th instant, forwarding a memorandum which may form the basis for the formal agreement with the Essenflow Products, Ltd. in regard to the distillation of Sandalwood oil in America, I am desired to request that a copy of the memorandum of agreement between the agents and Messrs. Bush & Co. of New York referred to in your letter may be kindly sent for the information of Govt.

Yours sincerely,

S. [illegible]

18/2

To. G. Venkatasiva Rao, Esq. B.A., B.L.
Director of S.O.T.

Dated 19/2/25

Signed V.V. Esq

WD 2230—GPB—1,00,000—23-7-20

21/2
18/2

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GOVERNMENT OF MYSORE

ADDRESS FOR TELEGRAMS:
SANDAL
BANGALORE

CODE USED: "BENTLEY'S"

SANDALWOOD OIL FACTORY
SANKEY'S LODGE

Bangalore 20th February 192 5.

No. 3306
Enc. 1 Confidential

GEN. DEPARTMENT
24 FEB 1925
INDUSTRIES & COMMERCE
BANGALORE.

Dear Sir,

With reference to your D.O. No.I.C.5714/I.& C.130-24-16 dated the 19th of February 1925, I forward herewith copy of a letter addressed by Messrs. Bush & Co., of New York to the representative of our Agents, the Essenflour Products, Ltd., in the United States of America, embodying the main terms of the proposed agreement. I desire to add that the terms are likely to be revised by the Agents and I have asked them to submit to me a copy of the final agreement when executed.

Yours sincerely,

Gharasuga Rao

K.V. Anantaraman, Esq., B.A.,

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W.J. BUSH & CO.

Manufacturing Chemists.

New York, Dec.31, 1924.

Mr. H. Symington Cox,

c/o. Cox, Aspden & Fletcher,

26, Cortland Street, New York, N.Y.

Dear Sir,

We beg to confirm the following memoranda of an Agreement we are about to enter into with you on behalf of the Essenflour Products Co., Ltd., Mysore, South India.

We agree to distil for account of your principals a minimum quantity of five hundred (500) tons Sandalwood per annum and a maximum quantity of seven hundred and fifty (750) tons per annum for a period of two (2) years, which your principals agree to ship to us. The Agreement to be renewed automatically at the end of the second year and thereafter annually. Distilling fee one hundred and five dollars ($.105.00) per ton of two thousand (2,000) pounds; payable on delivery of the resulting oil.

The Wood to be weighed on landing and delivered, at the expense of Essenflour Products Co. Ltd., to Linden, N.J. (Penn.R.R.): we are to collect the Wood from the Linden depot and truck same to our works at our own expense.

The yield of oil to be as follows:

From Billets	5.2	to 5.5 pounds from	100 pounds wood.
From Roots	5.75	to 6.25 Do.	Do.

We guarantee the Oil to comply with the requirements of the United States Pharmacopoeia.

You will be at liberty to draw samples of the Wood at regular intervals:

intervals: samples to bear both our seals. In case of dispute as to yield, the sealed samples are to be distilled by an independent chemist, and the result taken as the basis of any claim.

Tins and cases to be provided by the Essenflour Products Co., Ltd., all packing to be done by ourselves in cases containing 4 x 25 pound Tins, and delivered free in New York City.

During the life of this agreement, we agree to distill no other Sandalwood or to sell any Sandalwood Oil that is not th product of the Mysore Wood supplied by the Essenflour Products, Co. Ltd.

The discharged Wood is to be burnt.

All Wood and Oil belonging to the Essenflour Products Co. Ltd., to be insured while at our factory at Linden, N.J.

Yours very truly,

W.J. BUSH & CO.,

(Sd) C. BLAIR LEIGHTON,

Treasurer.

C O P Y.

cccc

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Dear Sir,

I am further to refer to your letter No. 3806 dated 20th Feb 1925, forwarding a copy of letter addressed by Messrs. Bush & Co. of New York to the representatives of the Essentials Products, Ltd in the U.S.A. embodying the terms of the proposed agreement in regard to the distillation of Sandalwood in America, I am desired to state that the terms are all right except as regards the renewal of the contract. It is stated that in the amended terms proposed to be incorporated in the agreement between our agents and the distillers the arrangement is renewable annually at the end of the second year and thereafter annually. This is against the terms of the G.O No. 2092/22 C 130-24-3 dated 19th Sept 1924 which clearly states that the arrangement is one to be treated as an experimental measure for a period of two years. In these circumstances I.

WD 2230—GPB—1,00,000—23-7-20

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am to request that you will kindly point out this difference to the agents so that the terms are suitably revised in accordance with the decision of Govt. indicated in the above order. I am also to request that a copy of the final agreement executed between the agents and the distillers may be sent for the information of Govt.

I have &c.

Sd/-

To

G. Narasinga Rao, Esq. B.A. B.L.

Deputy, S.P.O. 7.

21.12.42

No I.C. 6872

69

Confidential.

DEAR SIR,

With reference to your letter No. 3218 dated 17th Feby. 1925 forwarding a Memorandum giving the terms of the Agreement between the Agents and Government as regards distillation of sandalwood oil in America, I am desired to state that the terms are suitable and that a Draft Agreement may be prepared in consultation with the Agents and submitted to Government for approval. I am further to state with reference to your letter No.3306 dated 20th February 1925, forwarding a copy of letter addressed by Messrs.Bush and Co., of New York to the representatives of the Essenflour Products, Ltd., in the U.S.A., embodying the terms of the proposed agreement in regard to the distillation of sandalwood oil in America, that the terms are all right except as regards the renewal of the contract. It is noticed that in the understanding between our agents

and the distillers the arrangement is stated to be renewable automatically at the end of the second year and thereafter annually. This is against the terms of the G.O.No.2092/I.&.C.130-24-3 dated 19th September 1924 which clearly states that the arrangement is one to be tried as an experimental measure for a period of two years. In these circumstances, I am to request you to point out this difference to the Agents so that the terms may be suitably revised in accordance with the decision of Government indicated in the above order. I am also to request that a copy of the final agreement executed between the Agents and the distillers may be sent for the information of Government.

Yours sincerely,

To
Y. Narasinga Rao,Esq.,B.A.,B.L.,
Director of Sandalwood Oil Facy.
Bangalore.

Psk.

Final file 71

F. 8/23

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

Dated 29/5/25

Signed in W.O. presence

9K 130-24.

Dear Sir,

I am desired to circulate ~~for~~ reference to D.O. letter No. 2.C.6872 dated 9th April 1925 requesting that a draft agreement between the Agents and Govt. regarding the distillation of Sandalwood ~~oil~~ in America may be submitted to Govt. for approval and to request that the draft of the agreement may be submitted very early for the approval of Govt. I am also to request that a copy of the final agreement executed between the Agents and the Distillers may be sent for the information of Govt; as required in the above letter.

I have the honour to be,
Sir,
Your Obedt. Servt.

The matter should be treated as urgent

The Director, I.S.D.

29/5/25

WD 2230—GPB—1,00,000—23-7-20

App[illegible].VI-G1.] 72 B650

SUBJECT .....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

the 192

Date of issue 15/7/25

Signed by M. V. Chacko

List of enclosures .....

Copied by .....

Examined by .....

Section Dc

File No. 130-24

Serial No. R.

D.O No. I.C. 325

To The Director, S.O.T.

Dear Sir,

I am desired to invite reference to correspondence ending with Secy. D.O letter No. I.C. 8123 dated 29th June 1925 and the subsequent reminder No. I.C. 35 dated 2nd July 1925, calling for the draft agreement in regard to the distillation of Sandalwood in America and to request that the draft agreement and also a copy of the final agreement between the Agents and distillers may be submitted to Govt immediately.

Yours faithfully,

14/7/25

14/7

over

Tel. Address :—"Sandal Bangalore." 03758

GOVERNMENT OF MYSORE

SANDALWOOD OIL FACTORY.
SANKEY'S LODGE.

Bangalore 17th July 1925.

GEN. & REV. SECRETARIAT
22 JUL 1925
INDUSTRIES & COMMERCE
BRANCH.

No. 209/1

From

Y. Narasinga Rau, Esq., B.A., B.L.,
Director, Sandalwood Oil Factories in Mysore,
Bangalore.

GEN. & REV. SECTT.
21. JUL 1925
I. & C. SECTION.

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Revenue Department

Sir,

With reference to your D.O. letter No. I.C.6872/I.& C.130-24-1 dated the 9th of April 1925, regarding the distillation of Government sandalwood in the United States of America, I have the honour to state that a copy of the Memorandum giving the terms of the Agre ment between the Agents and Government in this respect, as approved by Government, was forwarded to the Agents for an expression of the opinon thereon. The Agents have practically accepted all the term and have made certain alterations and additions in respect of a few They relate to the following points:

1. Insurance of Wood: According to the Agency Agreement, the Agents are responsible for the insurance of oil while it is in thei custody. The insurance charges on sandalwood up to the moment of its being distilled into oil should, therefore, be borne by the fac tories. This point has been made clear by them in the clause relating to Insurance. The charges will not be heavy and may amount to approximately $.75/- per month. The view of the Agents may, therefore, be accepted.

2. Distillation charges: The rate of distillation charges accep

e

accepted by Government for having the wood distilled in New York is specifically mentioned in the Memorandum submitted by them and it can, therefore, stand.

3. Duration of Agreement: The first consignment of sandalwood was shipped from India in the latter part of October 1924 and it reached New York in the month of December and distillation was commenced in January 1925. The understanding with the distilling firm is that the arrangement will be for a period of two years. The two-year period of the Agreement will have, therefore, to run from the month of January 1925. This point has been made clear in the Draft submitted by the Agents. Under the circumstances explained by the Agents, their view has to be accepted.

In other respects, they have accepted the terms as approved by Government.

I enclose herewith a statement showing the terms as approved by Government and those as revised by the Agents, placed in juxtaposition. The Memorandum as revised by the Agents may be kindly sanctioned. On receipt of Government sanction, a formal Agreement will be executed. It will perhaps facilitate matters if the formal Agreement is drafted in the Law Department.

I have the honour to be,

S i r,

Your most obedient servant,

Yuvarasuiga Rau

Director.

DRAFT AGREEMENT

as approved by Government.	as revised by the Agents.
1. The Director shall make necessary arrangements to supply to the Agents superior classes of sandalwood as required by them from time to time for shipment to New York in accordance with the Government Order on the subject.	1. The Director shall make necessary arrangements to supply to the Agents superior classes of Sandalwood as required by them from time to time for shipment to New-York in accordance with the Government Orders on the subject.
2. The wood shall be taken delivery of by the Agents on rails at Mysore or Bangalore as the case may be and they shall make necessary arrangements to transport the same to New York.	2. The wood shall be taken delivery of by the Agents on rails at Mysore or Bangalore as the case may be and they shall make necessary arrangements to transport the same to New York.
3. On the arrival of shipment at New York, the consignment shall be weighed by the Port authorities or other public organisation, which weight shall be taken as the final weight of the quantity shipped from India. This shall be considered as the quantity delivered in New York for distillation purposes.	3. On the arrival of shipment at New York, the consignment shall be weighed by the Port authorities or other public organisation which weight shall be taken as the final weight of the quantity shipped from India. This shall be considered as the quantity delivered in New York for distillation purposes
4. The Agents shall take all needful steps in connection with the distillation in New York of the wood under proper technical supervision.	4. The Agents shall take all needful steps in connection with the distillation in New York of the wood under proper technical supervision.
5. The Agents shall be responsible to Government for the quality	5. The Agents shall be responsible to Government for the quality

as approved by Government:

quality and yield of oil and its proper storage lateron.

6. The Agents shall be responsible for the safe custody of both wood and oil during all the stages and shall have stocks of both wood and oil fully insured against fire and other risks.

7. The Agents shall submit to the Director monthly accounts furnishing full details as regards the receipt and disposal of sandalwood and oil.

8. The charges incurred by the Agents for transport by rail and boat shall be paid to them by the Director on bills presented by them from time to time. The charges incurred by them at the other end may be met out of the sale proceeds and the balance credited to Government.

as revised by the Agents.

quality and yield of oil and its proper storage later on.

6. The Agents shall be responsible for the safe custody of both wood and oil during all the stages and shall have stocks of both wood and oil fully insured against fire and other risks, the charges on insuring the wood against fire and other risks being borne by Government.

7. The Agents shall submit to the Director monthly accounts furnishing full details as regards the receipt and disposal of sandalwood and oil.

8. The charges incurred by the Agents for transport by rail and boat shall be paid to them by the Director on bills presented by them from time to time. The clearing, transport, weighing and other incidental charges incurred by the Agents on the transhipment of the wood to the factory in New-York will be borne by Government.

9. All charges incurred by the Agents in the United States in this connection may be recouped by the

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the Agents from the sales realisations.

9. The realisations shall be remitted not less than once a week in accordance with the instructions from the Director from time to time.

10. The realisations shall be remitted not less than once a week in accordance with the instructions from the Director from time to time.

10. The usual Account Sales and Sales Report shall be submitted for the transactions carried on in the United States of America just as is being done in respect of London transactions.

11. The usual Account Sales and Sales Report shall be submitted for the transactions carried on in the United States of America just as is being done in respect of London transactions.

4

12. The Agents shall be paid distillation charges at the rate of $.105.00 per short ton (2,000 pounds) of sandalwood.

11. This Agreement shall be in force for a period of two years ending with June 1926 and the Agreement may be renewed by mutual understanding.

13. This Agreement shall be in force for a period of two years ending with December 1926 and the Agreement may be renewed by mutual understanding.

12. All matters not specifically mentioned in this agreement shall be attended to in accordance with the terms relating to such matters in the Agency agreement.

14. All matters not specifically mentioned in this agreement shall be attended to in accordance with the terms relating to such matters in the Agency agreement.

(C O P Y)

Yuarasiga Rau

Director.

17th July 1925.

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App.F.VI-G1.] B650

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat

( )

the 192

Date of issue 28/8/25

Signed by M. V. V. Chary

List of enclosures

Copied by

Examined by

Copy sent

Section 9x

File No. 130-24

Serial No. 20.

No. I.C. 683/55(24)

To The Govt Advocate

Sir,

I am directed to forward herewith a copy of the G.O. no. I.C. 2092-44/ 9x 130-24-3 dated 19th Sept 1924, sanctioning arrangements for the distillation of Sandalwood Govt also in America and a copy of a memorandum giving the terms of the agreement between the Agents- The Essential Products, Mysore, and Govt in this respect and to request you to be so good as to forward a draft of a formal agreement based on the memorandum of a very early date.

I have the honour to be,

Sir,

Your most obedient servant,

Secretary to Government

Revenue

OVER

28/8/25

28/8/25

In reply please refer to
No. 184 Pre 1

Tel. Address
"JURIST," Bangalore.

OFFICE OF THE GOVERNMENT ADVOCATE
IN MYSORE,
Bangalore..9th September.....1925.

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1488

SECRETARIAT
GEN. & REVENUE
14 SEP 1925
INDUSTRIES & COMMERCE
BRANCH

12 by

FROM

Confidential.

K. SHANKARANARAYANA RAO, ESQ., M.A., B.L.,
GOVERNMENT ADVOCATE IN MYSORE,
BANGALORE.

I & C 130-24-21

To

B. SREENIVASA IYENGAR, Esq., B.A., B.L.,
Secretary to the Government of
H. H. The Maharaja of Mysore,
Revenue Department, BANGALORE.

SIR,

With reference to your letter No. J.C.683/I.&.C. 130-24-20 dated the 3rd August 1925, I have the honour to enclose herein a draft agreement proposed to be executed by the Essenflour Products, Ltd., It is prepared on the basis of the Memorandum received with your letter. In the draft I have made provision for the determination of the Agency by six months' notice.

P. S. Perusal of the agreement re weight at New York may be scrutinized with a view to see if it conveys the real intention.

CSN.

I have the honor to be,
Sir,
Your most obedient servant,

K. Shankaranarayana Rao

Government Advocate

AN AGREEMENT made the ..... day of.....;
.....Between the Director, Sandalwood Oil Factories in Mysore, acting for and on behalf of the Government of His Highness the Maharaja of Mysore (hereinafter called the Director) of the one part and the Essenflour Products, Ltd., Mysore, a company registered under the Mysore Companies Regulation (hereinafter called the Agents) of the other part;

WHEREBY IT IS MUTUALLY AGREED AS FOLLOWS:-

1. The Agents are hereby appointed Agents to the Government of Mysore for distilling sandalwood oil in America.

2. The term of the Agency will be two years commencing from the 1st day of January 1925 and ending with the 31st December 1926 liable however to be terminated earlier under the circumstances hereinafter mentioned.

3. The Order of the Government of His Highness the Maharaja of Mysore, No. I.C.2092/I.&.C. 130-24-3 dated the 19th September 1924, shall be read and treated as part of this agreement.

4. The Director shall make all necessary arrangements to supply to the Agents superior classes of sandalwood fit for purposes of distilling oil therefrom, as and when required by the Agents by means of indents sent therefor from time to time for shipment to New York in accordance with the Government Order on the subject.

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5. (The quantity of sandalwood to be distilled in a year shall not exceed 1,000 Tons (one year or two years?).)

6. The sandalwood to be despatched for purposes of distillation shall be taken delivery of by the Agents on rails at Mysore (or) Bangalore (or any other railway station in Mysore) as the case may be and the Agents shall take all necessary steps and otherwise make arrangements to transport the sandalwood in fact to New York.

7. On arrival of the Shipment at New York the Agents shall arrange to get the consignment weighed by the Port Authorities or other public organization, which weight shall be taken as the final weight of the quantity shipped from India. The weight found on such weighment shall be considered to be the - quantity delivered to the Agents in New York for distillation purposes.

8. The Agents shall take all needful and effective steps for the distillation of the sandalwood in New York under proper technical supervision and shall be responsible for securing the best possible results.

9. The Agents shall be responsible to the Director for the quality and yield of oil, and for keeping the oil properly and safely secured and stored.

10. The Agents shall be responsible for making proper warehousing arrangements and for the safe - custody of the sandalwood and the oil - during all the stages of distillation and shall have all the stocks of both

of both sandalwood and oil fully secured against fire and other risks, the charges of insurance being borne by Government.

11. The Agents shall be bound to keep a true account of all sandalwood supplied to them and of all oil distilled therefrom and to submit to the Director monthly accounts furnishing full details as regards the receipt, and disposal of all sandalwood and oil. Such accounts shall among other particulars shew the total quantity of sandalwood received by them, the quantity under distillation, the quantity already - distilled and the oil secured therefrom, the realization from sales of oil and the amounts already - credited or remitted to Government.

12. The charges incurred by the Agents for transport by rail and boat of all sandalwood shall be borne in the first instance by the Agents and the - same shall be paid to them by the Director on bills presented therefor by the Agents from time to time. The clearing, transport, weighing and other incidental charges incurred by the Agents on the transhipment of the wood to the factory in New York will also be paid by the Director on the presentation of bills therefor by the Agents.

13. All charges incurred by the Agents in the United States in this connection may be recouped by the Agents out of the realization from sales of - sandalwood oil.

14. The realizations from sale of the sandalwood oil shall be remitted by the Agents not less than once a week in accordance with such instructions as may be issued

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issued by the Director from time to time.

15. The usual account sales and sales report shall be submitted by the Agents in respect of all transactions carried on in the United States of America in just the same manner and subject to the same terms and conditions as in respect of London transactions.

16. The Agents shall be paid distillation charges at the rate of $ 105.00 per short ton (2000 Lbs.) of sandalwood.

17. This Agency shall ipso facto determine (save in so far as concerns the rights and remedies of the Government in respect of all ~~traces actions~~ transactions up to the date of such termination) upon the commission by the Agents of any grave irregularity or fraud on the Government in connection with the business relating to this agreement or upon their failing to carry out any of the stipulations contained in this agreement.

18. The term of this agreement may be extended or the agreement may be renewed by mutual consent.

19. All matters not specifically provided for in this agreement shall be regulated by terms relating to such matters in the Agency agreement between the parties dated the .....day of.....

Lease Agreement (Hyd) ? 16th day of June 1925

20. Either of the parties hereto may give to the other six calendar months' notice in writing of their intention to determine this agreement and on

the

the expiration of such period this agreement shall be wholly determined, without prejudice to the rights acquired and liabilities incurred, if any, prior to the date of such termination under the terms hereof.

IN WITNESS WHEREOF the Director of Sandalwood Oil Factories in Mysore, on behalf of the Government of His Highness the Maharaja of Mysore, has set his hand, and the common seal of the Essenflour Products, Ltd., has been affixed the day and year first above written.

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AN AGREEMENT made the . . . . . day of . . .
. . . . . Between
the Director, Sandalwood Oil Factories in Mysore,
acting for and on behalf of the Government of His
Highness the Maharaja of Mysore (hereinafter
called the Director) of the one part and the
Essenflour Products, Ltd., Mysore, a Company
registered under the Mysore Companies Regulation
(hereinafter called the Agents) of the other part;

WHEREBY IT IS MUTUALLY AGREED AS FOLLOWS:--

1. The Agents are hereby appointed Agents to the Government of Mysore for distilling sandalwood oil in America.

2. The term of the Agency will be two years commencing from the 1st day of January 1925 and ending with the 31st December 1926 liable however to be terminated earlier under the circumstances hereinafter mentioned.

3. The Order of the Government of His Highness the Maharaja of Mysore, No I.C.2092/I&C 130-24-3 dated the 19th September 1924, shall be read and treated as part of this agreement.

4. The Director shall make all necessary arrangements to supply to the Agents superior classes of sandalwood fit for purposes of distilling oil therefrom, as and when required by the Agents by means of indents sent therefor from time to time for shipment to New York in accordance with the Government Order on the subject.

5. The quantity of sandalwood to be distilled ~~xxx xxxx xxxx xx

86

6. The sandalwood to be despatched for purposes of distillation shall be taken delivery of by the Agents on rails at Mysore (or) Bangalore (~~or any other railway station in Mysore~~) as the case may be and the Agents shall take all necessary steps and otherwise make arrangements to transport the sandalwood in tact to New York.

7. On arrival of the Shipment at New York the Agents shall arrange to get the consignment weighed by the Port Authorities or other public organisation, which weight shall be taken as the final weight of the quantity shipped from India. The weight found on such weighment shall be considered to be the quantity delivered to the Agents in New York for distillation purposes.

8. The Agents shall take all needful and effective steps for the distillation of the sandalwood in New York under proper technical supervision and shall be responsible for securing the best possible results.

9. The Agents shall be responsible to the Director for the quality and yield of oil, and for keeping the oil properly and safely secured and stored.

10. The Agents shall be responsible for making proper warehousing arrangements and for the safe custody of the sandalwood and the oil - during all the stages of distillation and shall have all the stocks of both sandalwood and oil fully secured against fire and other risks, the charges of -- insurance being borne by Government.

11. The Agents shall be bound to keep a true account of all sandalwood supplied to them and of all

oil distilled therefrom and to submit to the Director monthly accounts furnishing full details as regards the receipt, and disposal of all sandalwood and oil Such accounts shall among other particulars shew the total quantity of sandalwood received by them, the quantity under distillation, the quantity already distilled and the oil secured therefrom, the realization from sales of oil and the amounts already credited or remitted to Government.

12. The charges incurred by the Agents for transport by rail and boat of all sandalwood shall be borne in the first instance by the Agents and the same shall be paid to them by the Director on bills presented therefor by the Agents from time to time. The clearing, transport, weighing and other incidental charges incurred by the Agents on the ~~trans~~ transhipment of the wood to the factory in New York will also be paid by the Director on the presentation of bills therefor by the Agents.

13. All charges incurred by the Agents in the United States in this connection may be recouped by the Agents out of the realization from sales of sandalwood oil.

14. The realizations from sale of the sandalwood oil shall be remitted by the Agents not less than once a week in accordance with such instructions as may be issued by the Director from time to time.

15. The usual account sales and sales report shall be submitted by the Agents in respect of all transactions carried on in the United States of Americal in just the same manner and subject to the same terms and conditions as in respect of London

transactions.

16. The Agents shall be paid distillation charges at the rate of ₹ 105.00 per short ton (2000 lbs.) of sandalwood.

17. This Agency shall ipso facto determine (save in so far as concerns the rights and remedies of the Government in respect of all transactions up to the date of such termination) upon the commission by the Agents of any grave irregularity of fraud on the Government in connection with the business relating to this agreement or upon their failing to carry ~~it~~ out any of the stipulations contained in this agreement.

18. The term of this agreement may be extended or the agreement may be renewed by mutual consent.

19. All matters not specifically provided for in this agreement shall be regulated by terms relating to such matters in the Agency agreement between the parties dated the . . . day of . . . . . .

20. Either of the parties hereto may give to the other six calendar months' notice in writing of their intention to determine this agreement and on the expiration of such period this agreement shall be wholly determined, without prejudice to the rights acquired and liabilities incurred, if any, prior to the date of such termination under the terms hereof.

IN WITNESS WHEREOF the Director of Sandalwood Oil Factories in Mysore, on behalf of the Government of His Highness the Maharaja of Mysore, has set his hand, and the common seal of the --

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App.F.VI-G1.] B650.

SUBJECT.....

Diary No: of letter replied to (Cont'd)

Section 9fc
File No. 130-24
Serial No. 24
No. I.C. 2578

To The Dei, S.O.T.

General and Revenue Secretariat
( )
, the 192

Date of issue 14/10/25

Signed by M. V. Chiz

Sir,

With reference to the correspondence ending with your letter No 209 dated 20th June 1925 forwarding a copy of the memorandum giving the terms of the agreement between the Agents and Govt regarding the distillation of Govt Sandalwood in the United States of America, I am directed to forward herewith a copy of the draft agreement approved by Govt and to request that necessary further action may be taken for the execution of the agreement. The action taken may be reported in time for the information of Govt.

I have the
over h
Rev Sec'y

List of enclosures.....

Copied by .....

Examined by.....

VS 21/10/10

15/10

Tel. Address :—"Sandal Bangalore"

21519

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SANDALWOOD OIL FACTORY
SANKEY'S LODGE

No. 2100

Bangalore, 21st November 1925.

2696.

FROM

THE DIRECTOR,

SANDALWOOD OIL FACTORIES IN MYSORE,

BANGALORE.

GENL. & REV. SECTT. Br. JC 22. NOV. 1925 To C.D. SECTION.

GEN. & REV. DEPARTMENT INDUSTRIES & C. BANGALORE

The Secretary to the Government of

His Highness the Maharaja of Mysore,

Revenue Department.

Itc 130-24-25

Sir,

With reference to your letter No. I.C.2518/I.& C.130-24-24 dated the 14th of October 1925 forwarding the Draft agreement to be entered into with the Agents in connection with the distillation of Government sandalwood in New York, I have the honour to state that an agreement was duly executed with the agents on the 26th of October 1925 in accordance with the above instructions of Government.

I have the honour to be,

S i r,

Your most obedient servant,

Yuvaraja Rau

Director.